

**THE IMPLEMENTATION OF PUBLIC LAW 106-50,
THE VETERANS ENTREPRENEURSHIP AND
SMALL BUSINESS DEVELOPMENT ACT OF 1999**

HEARING
BEFORE THE
SUBCOMMITTEE ON
GOVERNMENT PROGRAMS AND OVERSIGHT
OF THE
COMMITTEE ON SMALL BUSINESS
AND
SUBCOMMITTEE ON BENEFITS
OF THE
COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES
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TUESDAY, MARCH 14, 2000

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON GOVERNMENT PROGRAMS AND OVERSIGHT, COMMITTEE ON SMALL BUSINESS, AND SUBCOMMITTEE ON BENEFITS, COMMITTEE ON VETERANS' AFFAIRS,

Washington, DC.

The subcommittees met, pursuant to call, at 10:05 a.m., in room 311, Cannon House Office Building, Hon. Roscoe Bartlett (chairman of the Subcommittee on Government Programs and Oversight) presiding.

Chairman BARTLETT. I call the subcommittee to order.

Good morning and welcome to this joint hearing of the Subcommittee on Government Programs and Oversight of the Committee on Small Business and the Subcommittee on Benefits of the Committee on Veterans' Affairs.

Today we will examine issues that are not only vital to veterans, those who served this Nation in the Armed Forces of the United States during war and peacetime, but to those who are presently in uniform and who are now on active duty in the many corners of the world.

Specifically, this joint hearing will examine the implementation of Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, signed into law by the President on August 17, 1999. The law requires that specific technical, financial, and procurement assistance be provided to veterans.

The Department of Veterans Affairs, the Small Business Administration, the Association of Small Business Development Centers and the Service Corps of Retired Executives, SCORE, are the principal entities mandated by law to provide this assistance. We are having this hearing to make sure that the Small Business Administration and the other agencies involved in implementing the law fulfill their obligation to assist veterans who own or are starting their own businesses.

SBA is required by statute to provide special consideration to veterans. In the past, many veterans have expressed concern that SBA and other Federal agencies were ignoring the financial and entrepreneurial needs of veterans who own small businesses. This hearing will provide a forum for evaluating the SBA's present performance and for recommendations which may be offered for im-

proving the future delivery of entrepreneurial and other services to veterans.

Fundamental to this hearing is remembering our veterans and the sacrifices that they have made for this Nation. Further, we must keep the promises we made to those who have served this country faithfully and bravely.

I can assure you that we in Congress will not forget you. We know that it is American veterans who have served our country and won the peace and freedom that we enjoy. We recognize the solemn duty to our veterans that we must fulfill.

We as a nation must keep those promises that we have made to those who have served in the Armed Forces. If we don't keep our promises to our veterans, we will suffer more than our shame and dishonor. How this Nation treats our veterans directly impacts the lives and families of those who are former members of the Armed Services. It also directly impacts those who are currently on active duty. It affects our ability to recruit capable men and women to serve in the future.

With our all-volunteer force, we can't maintain an effective military unless we attract and keep our best and brightest. Can we expect our young people to volunteer to join the military knowing that they might have to fight and die if they see us breaking our promises to our veterans who answered the call to serve? Of course not. That is why we must not forget. That is why we must keep our promises. That is why Congress must be vigilant in our oversight responsibilities.

We look forward to a lively discussion of issues that are of vital concern to this Nation. Thank you again for coming. We are pleased that Mr. Filner is here, who is ranking member on the subcommittee of Veterans' Affairs, and we will turn to him now for any opening comments he would like to make.

Mr. FILNER. Thank you, Mr. Chairman, and thank you for holding this hearing.

I am glad that we are following up on the act that we passed last year. I was an original cosponsor of the Veterans Entrepreneurship and Small Business Development Act.

As you have said, Mr. Chairman, those who have stood in defense of all that America represents should have the opportunity to return home and pursue their economic interests in small business. This should go without saying.

It is largely because of the many men and women who have served in our Armed Services that the rest of us are around to enjoy the benefits of unprecedented economic prosperity at home. Unfortunately, testimony from my own district and from what I have heard around the country, veterans have not always been given adequate assistance to succeed in small business, and that is why we acted last year.

Today we will be talking about the goals for Federal contracting, we will look at the services and assistance veterans are getting with regard to small business, we will see the procurement data and talk about small business loans. This discussion is way overdue in my opinion, because over time there has been a perceived lack of commitment in the area of small business assistance to vet-

erans, and I am anxious to hear from those today who can confirm or dispel this perception for me.

Thank you, all of you who will testify today, and I look forward to your testimony.

Thank you, Mr. Chairman.

Chairman BARTLETT. Thank you.

We will turn to Mr. Gibbons now for any comments he would like to make.

Mr. GIBBONS. First, let me thank you for your efforts in this regard. I applaud your leadership and your willingness to conduct this hearing, and I join you and the rest of my colleagues on this committee in their interest in this issue and their willingness to look at the issue in depth and make those substantial improvements that are necessary to meet not only our commitments and promises to our veterans, but to ensure that we have treated them in the most fair and equitable way for their sacrifices and their time away. Those of us who have served in the military know that there is indeed a transition time that requires veterans who have missed those opportunities that others were able to partake of when they were not in the military, or available to meet and accept those challenges realize that our military veterans must be afforded the opportunity once they have left the military to excel and to achieve those same standards and those same results.

We have an obligation here on this committee to ensure that those equalities are met, and with your leadership, Mr. Chairman, I am sure that this committee today, and I am anxious to hear the testimony of our witnesses, I have looked through the statements of each of those that were presented to us today, and I think we are going to receive a great deal of information that is going to allow us to make a full, educated commitment to our veterans in this issue.

With that, Mr. Chairman, I look forward to hearing the witnesses today and again thank you for your leadership in this area.

Chairman BARTLETT. Thank you very much.

We ask our first panel to take their places at the table. As they do that, let me introduce them. And I may not pronounce all of the names exactly right: Emil Naschinski, Assistant Director of Economics, The American Legion; Rick Weidman, Director, Government Relations, Vietnam Veterans of America; Geoffrey Hopkins, Member, Paralyzed Veterans of America; Anthony Baskerville, Deputy National Service Director for Employment, Disabled Veterans of America; and Joseph Forney, Founder/Coordinator, Disabled Veteran Business Enterprise Network.

I understand that you all, except one, are not only veterans of the military, but also veterans of testifying before Congress. Geoffrey Hopkins, we welcome you to your first testimony.

Your prepared statements will be made a part of the permanent record, and we would ask you to summarize your statements as you wish. We will have an opportunity during the question-and-answer period to expand on your comments.

We will begin now with Mr. Naschinski.

**STATEMENT OF EMIL W. NASCHINSKI, ASSISTANT DIRECTOR,
THE AMERICAN LEGION**

Mr. NASCHINSKI. Chairman Bartlett and distinguished members of the subcommittee, good morning and thank you for inviting the American Legion to share its views on the implementation of Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999. We view that law as one of the most important pieces of legislation to be enacted during the 106th Congress.

In its written statement the American Legion discusses its concerns regarding the funding of the National Veterans Business Development Corporation. While we believe the corporation is the most important component of the new law, there is another issue that is of grave concern to us.

Despite past efforts of veterans' advocates, including Members of Congress, the Small Business Administration for far too long and for whatever reasons was allowed to thumb its nose at the very men and women who served in uniform and who stood ready to fight and die and protect our free enterprise system. Thanks to you and your efforts on behalf of our veteran-entrepreneurs, Public Law 106-50 was signed into law last August. As a result, we now have tools to level the entrepreneurial playing field for veterans and ensure that SBA is not allowed to continue its past transgressions against veterans.

As the American Legion told Congress at many past hearings between 1989 and the appointment of Aida Alvarez, the current SBA Administrator, there was absolutely no communication between the agency and the veterans community. Even though it is believed that veterans own and operate somewhere between 20 to 25 percent of all small businesses in this country, that agency's leadership refused to meet with veterans service organizations and discuss the needs and problems of that SBA constituency group.

While Administrator Alvarez made what appeared to be a sincere attempt to open communications with the veterans community and to rectify what had happened to veteran entrepreneurs prior to her watch, the truth is that no substantive changes have been made. An example is what happened after her first meeting with the veterans service organizations. After listening to our grievances, Administrator Alvarez agreed that her agency was not fulfilling its responsibilities to veterans.

In order to improve SBA service to veterans, Administrator Alvarez authorized the formation of a veterans task force that was to study the entrepreneurial needs of veterans and to make recommendations on how the agency could begin to meet its responsibilities to veterans. While the task force report was submitted to Administrator Alvarez in the fall of 1989, to date the SBA has not responded to the findings and recommendations contained in that report. The veterans service organizations and other veterans advocates worked hard on hammering out a comprehensive report that not only cited problems, but also provided innovative and workable recommendations.

The task force report, which I might point out is the basis for Public Law 106-50, was submitted to the SBA in the fall of 1998. To date, we have not received a response. Of course, that lack of

concern on the part of the SBA only reinforces the commonly held perception that SBA is a do-nothing organization.

As we stated in our testimony, passing good laws is not enough. We need to continue to monitor SBA and its efforts to implement 106-50, and to date, it does not appear that they really have done anything. Furthermore, they did not support the legislation when it was being considered by Congress. In fact, they even implied that all of the recommendations were already in place.

So the point I am trying to make this morning is that we must hold SBA's feet to the fire. We cannot allow them to continue to disregard the law.

Thank you.

Chairman BARTLETT. Thank you very much.

[Emil Naschinski's statement may be found in appendix.]

Chairman BARTLETT. Mr. Weidman.

STATEMENT OF RICK WEIDMAN, DIRECTOR, GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA

Mr. WEIDMAN. Good morning, Mr. Chairman. My name is Rick Weidman, and I serve as Director of Government Relations for Vietnam Veterans of America. I also serve as the chairman of the Task Force on Veterans Entrepreneurship that hopefully we can talk about later, which essentially is all of the veterans organizations, as well as private businesspersons who are veterans or disabled veterans coming together to form a common bond to help move forward with SBA in developing business opportunities for veterans, particularly disabled veterans.

I also sit on the National Advisory Council, and that is one thing that the SBA has done is to create the position of a veterans representative on that National Advisory Council to at least give the opportunity to make some input.

I want to thank you and, second, echo the comments of your colleagues on the dais, as well as the American Legion, VVA is deeply grateful to you, Mr. Chairman, for all of your leadership on this effort. The oversight hearing that you held 2 years ago was the seminal event in prompting the SBA to create that task force in 1998, to begin to focus on these issues and sharpen our understanding of what needed to be done.

We are also deeply grateful to you and your distinguished colleagues for development and passage of Public Law 106-50, which gives us a beachhead in getting the kinds of services and the kinds of opportunities that veterans need in the Federal Government. However, we must move forward to see that law is properly implemented.

In our view, there are six primary elements to the proper development of Public Law 106-50 and making sure that the Veterans Entrepreneurship and Small Business Development Act of 1999 becomes a reality for the disabled veterans whom it is intended to assist. First and foremost, Mr. Chairman, the resources and the dough to make it go—as one of our business persons member of VVA put it, “Without the dough, it don’t go”—we need \$2 million in the fiscal year 2000 appropriation to be reprogrammed for start-up for the National Veterans Business Development Corporation.

In a similar vein, we need \$4 million in the fiscal year 2001 budget specifically for the National Veterans Business Development Corporation. I would point out that both of these amounts are very modest, but they are seed capital because the way in which you and your colleagues designed this legislation is, we are raising two private dollars for every public dollar that goes into the corporation, but we must get the seed capital in order to be able to proceed.

The third element having to do with resources and moneys is in the fiscal year 2001 budget. We would strongly encourage you to do everything necessary to make sure that there is at least 4 to 4.8 million in the Office of Veterans' Affairs in order to move forward. We understand how things got out of sync last summer with the authorizing legislation passing 3 days after the final vote by the House on the appropriations bill for Commerce, Justice. However, in the reprogramming it is now time to move forward.

We would hope that Chairman Rogers and Mr. Serrano will in fact respond and do the reprogramming of the \$2 million and ensure that the \$4 million is there for the corporation for fiscal year 2000, but whatever it takes is what we are saying to you.

Whatever it takes for you and your distinguished colleagues to make this process work, even if it entails ultimately a legislative fight on the floor to make sure that our disabled veterans are properly served, we stand ready to do our part and await marching orders how best we in the veterans community can assist you, sir.

The second major element on the implementation of Public Law 106-50 is actually getting the corporation going. Obviously part of the money, getting the money, is a significant aspect to that. But a second significant aspect is moving ahead with the appointment of the members of the board.

A great deal of work went by your staff and the staff of the Veterans Committee on both sides of the aisle, of both Small Business and the Veterans Committee in putting together a comprehensive list and universal input from distinguished members of this body and of the Senate to have a good list that was fully indicative of the broad range of the veterans community—men and women, disabled veterans, every ethnicity was represented and well represented—of extraordinarily qualified and talented people that was forwarded to the White House early last October. It is now mid-March and we have yet to hear of any appointment of the National Veterans Business Development Corporation.

We would ask if there is anything that you can do, perhaps a joint bipartisan letter to the White House encouraging them to move along would be helpful, but we must move forward in this process to appoint the members of the board of the National Veterans Business Development Corporation, and then move forward to appoint the advisory committee and other appointments that are necessary.

That is only the beginning. Obviously we need the money and those things, and then all of the hard work starts, but we are having to struggle so hard just to get the people and the capital that we haven't even gotten to the real work of making the National Veterans Development Corporation a reality.

The third major element is moving ahead and appointing the Associate Deputy Administrator, a newly created slot for veterans business development to be the leader to work with his or her colleagues and the administrator to develop the implementation plan for the other aspects of Public Law 106-50. That would include, in our view, development of standards, of measures, and accountability mechanisms in every single program that is either run by or funded through—in whole or in part, by SBA, whether it be Small Business Development Centers or whatever the case may be.

The GBRA principals are something that need to result in measurable objectives, in measurable objectives for each and every SBA program as to how successful veterans and disabled veterans are in that program, and we would urge you to assist us in trying to encourage SBA to move forward on this front.

Third and equally important is moving forward on the process to create the rewrite to the Federal acquisition regulations—or, as commonly known, the FAR—and accommodate the requirements of Public Law 106-50. The process is just taking too long. Because of this delay and unfortunately because of a not-so-good history, it is causing a lot of folks to be very paranoid about the delay. It is not paranoia when it happens to you over and over again, and it is born of experience. The real question is, regulations delayed is justice denied.

Fifth, we need to see much more concerted effort to implement and to get the word out to those young men and women who are serving in the Guard and Reserve today as to the very key provisions in this law which deal with protecting those individuals who are called to active duty, who are in the Guard and Reserve.

Sixth is the whole element of self-employment. It does not seem to be addressed in any of the memorandums of understanding that we have seen thus far. It was a significant part of the law in our view and, certainly as we understand it, on the part of those of you on the committee who were part of developing and passing this law.

It certainly was the intent of the veterans community, particularly for profoundly disabled veterans and veterans with significant barriers to employment, that creating self-assistance for folks to become self-employed was a key element; and we have not seen any particular action by SBA or VA rehab.

Last but not least, Mr. Chairman, I want to mention that we have to bring up the issue of the study that was mandated in 1997 in the reauthorization act that was due to be delivered to this body in September of 1998. This was one of the subjects of the last oversight hearing that you had on the veterans program at SBA. I wish I could say that the results had been delivered or were about to be delivered to you and to your distinguished colleagues. However, after having been stuck for almost a year with problems with OMB, that SBA was unwilling or unable to resolve, with the help of the very fine Committee on Small Business and very fine staff of the Small Business Committee, we thought that we had a way to move forward in recent months. That has become mired in bureaucratic red tape again.

This study is now a year and a half late. The University of Massachusetts in Boston is \$59,000 in the hole because the grant was

shut off. The researchers who had been working on this, some of whom are at the University of Massachusetts at Boston and others who are veterans researchers around the country, who were brought together in a team, have been left high and dry and, frankly, are sick of it at this point.

Unless we can get this resolved very, very soon—and I mean within a 30-day window, Mr. Chairman—we are going to move forward to try to find private capital in order to do the study that needs to be done to deliver to you and to your colleagues on the Small Business and Veterans Committees the information that you mandated SBA to do and funded them to do, because we want to get the information out there. We are interested in moving forward.

Should that have to come to pass, we would encourage you strongly, Mr. Chairman, to seek a full investigation by the Comptroller General and to hold oversight hearings as to why this came down as it did. At some point one has to ask, is this not willful flouting of the bipartisan intent of the Congress. It was a strong bipartisan bill, wanting this study, and frankly we do not understand why SBA at this point cannot move forward to do a very simple thing.

Mr. Chairman, thank you very much again for holding this hearing and for all of your efforts in the past and for the continuing efforts of you and your distinguished colleagues and for letting us appear here today. Again, thank you for your leadership, sir.

Chairman BARTLETT. Thank you for your testimony.

[Mr. Weidman's statement may be found in appendix.]

Chairman BARTLETT. Mr. Hopkins.

STATEMENT OF GEOFFREY HOPKINS, MEMBER, PARALYZED VETERANS OF AMERICA

Mr. HOPKINS. Chairman Bartlett, Ranking Member Filner and Congressman Gibbons, Paralyzed Veterans of America appreciates this opportunity to testify regarding implementation of Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999.

I would like to thank you for your efforts in passing this law which will provide expanded opportunities to veteran business owners and hopefully correct the indifference the Small Business Administration has shown toward veteran entrepreneurs for many years.

Small businesses are the backbone of our economy, driving employment and are responsible for the majority of new jobs in the country. Small businesses generate untold billions of dollars of the gross domestic product each year. In 1992, over half of the gross domestic product was generated by small businesses with 500 or fewer employees. This can be expected to continue into the future.

Simply put, small businesses are the essence of the American dream, the ability to succeed as an individual through hard work and dedication to a goal.

The issue of small business ownership is important to PVA. PVA's members are veterans disabled by catastrophic injuries or diseases. The many challenges still facing individuals with disabilities as they seek employment have resulted in an unemployment rate of 80 percent for our membership.

Employment options for veterans and other Americans with severe disabilities are limited, but are improving. The Americans With Disabilities Act has removed many barriers in opening up the workplace, but the lack of benefits provided by traditional employers often make it more difficult for people with disabilities to enter the workforce. Small business ownership and self-employment is a bridge for many of these individuals. PVA believes the Small Business Administration has been unreasonably slow in implementing Public Law 106-50. This is unfortunate, but not wholly unexpected. Until recently SBA has shown a disregard for veterans issues.

In 1998, SBA's administrator, Aida Alvarez made significant attempts to improve SBA's relationship with veterans. These efforts included several meetings between Administrator Alvarez and veterans service organizations. Additionally, the administrator's stated goal of SBA improving its service to veterans and the creation of a Veterans' Affairs Task Force to study the needs of veteran entrepreneurs and recommend improvements were a welcome effort on the part of the SBA. But whether due to more important issues or bureaucratic indifference, these early efforts stalled.

When H.R. 1568 was introduced, it included many of the recommendations made to the administrator by the Veterans Task Force. This legislation was met with what can only be described as hostility. SBA branded virtually all sections of the bill unnecessary, with undertones implying that they were already doing enough for veterans. Now with Public Law 106-50 enacted, it appears that SBA continues to drag its feet, delaying the implementation of a law they did not support.

For example, though the articles of incorporation for the National Veterans Business Development Corporation have been finalized, the members have not been appointed by the White House. Because corporation members have not been identified, the SBA advisory committee on Veterans' Affairs has not been established.

The nominations submitted to the White House are prescreened, nonpaid volunteers, but how long does Administrator Alvarez intend to wait before encouraging the President or the Vice President to expedite these critical appointments which appear to be holding up the SBA's implementation of the will of Congress.

SBA also argues that it does not have sufficient funding to implement the requirements of Public Law 106-50. But PVA sees this as a question of priorities, not as a question of appropriations.

PVA believes all programs established under Public Law 106-50 should be fully funded. SBA has sufficient funding to provide for their other programs, but again SBA is demonstrating their priorities and unfortunately these priorities do not include veterans.

PVA asks that Congress re-program 2 million of fiscal year 2000 funds for the National Veterans Business Development Corporation and appropriate \$4 million for the corporation in fiscal year 2001. Additionally, appropriate \$4.8 million for the Veterans' Affairs office at SBA.

Finally, we ask the committee to closely oversee the activities of SBA's veterans programs and require SBA to abide by congressional mandates. Unless SBA is held accountable on providing quality programs to veterans, they will continue the indifference they have shown in the past. SBA must fulfill all of the require-

ments dictated in Public Law 106-50 and not be allowed to pick and choose what will be implemented and what will be ignored.

I would also like to mention another SBA program of interest to many PVA members who will not qualify for contracting benefits under the Veterans Entrepreneurship and Small Business Development Act, those who are non-service-connected disabled veterans such as myself. In December 1998, PVA contacted SBA in response to an SBA Federal Register notice to ask the agency to consider giving presumptive eligibility for its 8(a) business development program to people with severe disabilities. As you know, the 8(a) program promotes contracting opportunities with the Federal Government for socially and economically disadvantaged small business owners. Despite several follow-up inquiries by PVA, SBA will only say the matter is under review and that the individual with whom PVA has been dealing on this request has since retired.

Mr. Chairman, veterans deserve quality services, whether it is health care, prosthetic devices or advice and training on small business ownership. Moreover, Congress recognizes veterans have a right to these services when they passed Public Law 106-50. At the Small Business Administration, veterans should be a priority as well, not simply an afterthought.

Chairman BARTLETT. Thank you.

[Mr. Hopkins' statement may be found in appendix.]

Chairman BARTLETT. Mr. Baskerville.

STATEMENT OF ANTHONY BASKERVILLE, DEPUTY NATIONAL SERVICE DIRECTOR FOR EMPLOYMENT, DISABLED VETERANS OF AMERICA

Mr. BASKERVILLE. Messrs. Chairman and members of the subcommittees, on behalf of the Disabled American Veterans and its auxiliary, I am pleased to appear before you today to discuss Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999. As an organization of more than 1 million service-connected disabled veterans, DAV is very appreciative and applauds your subcommittees' leadership in the passage of this new legislation.

Veterans seeking to own and manage their own businesses date back to the first GI bill passed by Congress in 1944, when Congress gave the Department of Veterans' Affairs, then the Veterans Administration, the authority to guarantee loans made to eligible veterans. In 1953, Congress created the Small Business Administration. Although no historical evidence exists to suggest that there was a formal agreement between the two agencies, the SBA took over lending services to veterans.

Congress recognized the lack of participation in the VA's program and repealed VA's business loan guarantee authority in 1974. That same year, however, in a major reworking of the SBA legislation, Congress passed the Small Business Act of 1974, Public Law 93-237. The law included a requirement for special consideration for veterans of the United States military service and their survivors and their immediate families. The law directed the SBA to issue regulations that would define special consideration.

Mr. Chairman, according to the SBA Office of Advocacy, small firms represent 99.7 percent of all employers and employ 53 per-

cent of the private workforce. According to Census Bureau data, veterans own about 4 million of the approximately 22 million small businesses in America. Disabled veterans own about 800,000 businesses. The Federal Government helps create a market for businesses owned by individuals who are members of groups considered to be socially and economically disadvantaged through the Small Business Development programs administered by SBA.

Mr. Chairman, service members and veterans may be at a disadvantage in establishing successful businesses. Disabled veterans must overcome the barriers to economic activity that their disabilities impose. Upon the passage of Public Law 106-50, veterans and disabled veterans were not one of the statutorily named groups identified as socially and economically disadvantaged.

Veterans have earned the opportunity for increased participation in the economic life of the country. Disabled veteran entrepreneurs earned additional assistance because these business owners encounter costs and impediments due to their service-connected disabilities that are not factors for their nondisabled competitors.

Public Law 106-50 expands the eligibility for certain small business assistance programs to include veterans. It directs certain departments and agencies of the United States to take actions that enhance small business assistance to veterans and establish new institutions to provide small business assistance to veterans or to support the institution that provides such assistance.

Mr. Chairman, DAV has great interest in Public Law 106-50, and we believe we have been waiting too long for its implementation. Seven months have passed since the President signed Public Law 106-50, and there has been no significant effort to enact this excellent legislation.

There is a common bond among veterans, forged by their shared experiences which have molded their character and their values. Although their lives have been forever changed, their values have not and their commitment to this Nation remains strong even though our government too often reneges on its commitment to them.

DAV hopes that your subcommittee will not allow SBA to renege on its commitment. Please encourage the administration to move quickly to enforce this legislation.

I am prepared to answer any questions that you may have later, Mr. Chairman, and I want to thank you for allowing DAV the opportunity to appear and we need your continued support and advocacy to enforce this legislation. Thank you.

Chairman BARTLETT. Thank you very much.

[Mr. Baskerville's statement may be found in appendix.]

Chairman BARTLETT. Now Mr. Forney.

**STATEMENT OF JOSEPH K. FORNEY FOUNDER/COORDINATOR,
DISABLED VETERAN BUSINESS ENTERPRISE NETWORK**

Mr. FORNEY. Good morning. My name is Joseph Forney, and I would like to thank the chairman and the committee for holding this hearing and inviting me to testify. I am the Coordinator of the Greater Los Angeles Area Disabled Veterans Business Network, DVB network, in the great State of California, where Mr. Filner is from.

I would like to talk this morning a little bit about the State law that we have in California and the new Federal legislation that was passed this last year, H.R. 1568, for which I would like to thank you for all of the hard work; and hopefully it will come to pass as being a great piece of legislation that will assist service-disabled and all veterans to choose entrepreneurship as a form of rehabilitation.

The law in California was enacted 10 years ago and we have had somewhat good success. Many disabled veterans have become successful businesspersons, and I am one of those successes. But too often in California we hear things like this project has Federal moneys, and since service-disabled veterans or veterans, period, are not considered disadvantaged by the Small Business Administration, we are not included in any type of assistance programs.

Imagine the shock when you go to sell your goods and services to the Department of Veterans' Affairs and find out that they have no assistance program for disabled veterans, the very people that they are in charge of taking care of, and you are turned away at the door. But they give you "serious consideration"; is that the term I heard this morning?

They seriously consider you. Okay, I am done considering you, thank you.

Other groups have numeric goals, assisted programs and legislative language which force the Federal procurement wheels to help them with some sort of assistance, and yet we are left out.

In California, outside of Mr. Filner's area, there was a home for disabled veterans which had a 3 percent numeric goal for participation by service-disabled veterans. When it was finally said and done, it had less than one-tenth of 1 percent, by happenstance. At a prebid hearing, there were more disabled veteran businesses than there were contractors there, but because of no authority or legislative teeth for this program, once again, the very people to be served by this veterans' home were excluded from any procurement type of opportunities, and for this particular population to be set aside is just—is an outrage.

I have a copy of a letter written by the civil rights director of Caltrans, which is the California Department of Transportation in the great State of California. Within this letter she attempts to regulate Public Law 106-50, and I quote, "Public Law 106-50, signed by President Clinton on August 17, 1999, includes a government-wide goal for participation by small business concerns, owned and controlled by service-disabled veterans, at not less than 3 percent in all Federal contracts. The government-wide goal, however, pertains only to Federal contracts awarded by Federal Government agencies and not recipients of Federal funds, such as Caltrans."

So in the absence of any regulatory language, bureaucrats are left to make it up as they go along and decide who shall have assistance and who doesn't. After the will of the Congress has been set forth, it is left to be interpreted by State agencies whose whims change depending on who and what you talk to.

Without the input and the guidance from Congress, it will be left to hang in the balance or to be given serious consideration. I urge this committee to take steps for early publication of these regulations and even do a technical amendment to make it clear that this

piece of legislation applies to all Federal contracts, grants and how to best implement it. Because if not, day after day goes by that we have no direction set forth from the Congress and disabled veterans are left out there with no assistance. They are told that they get "consideration," "serious consideration," but no assistance.

As an American who has had the privilege of serving my country and as a disabled-veteran business owner, I would ask you and your colleagues to ensure that the proper investment is made to help promote job-generating, taxpaying, disabled veteran-owned businesses. Please help us get regulations implemented and the needed funds to make the Veterans Entrepreneurship and Small Business Development Act of 1999 a reality for disabled veterans.

Again, I thank you for all you have done. If there are any questions that I can answer regarding running a small business, I would be more than glad to. Thank you.

[Mr. Forney's statement may be found in appendix.]

Chairman BARTLETT. Thank you.

I would like to thank all of the witnesses for their testimony. Before turning to Mr. Filner for his questions and observations, I would like to note what I have noted previously at hearings like this. For two reasons we need to do the right thing by our veterans.

The first reason is one that you all have mentioned a number of times, and that is, we owe you. The second reason is if we don't treat our veterans properly, we are not going to have the number of recruits, we are not going to have the retention that we need in our all-volunteer force.

Only one of our four services today is meeting their recruitment goals, and that is the Marine Corps. The others are failing to meet their recruiting goals. Retention is an increasing problem in the military, and I think one of the reasons for our problems in both recruitment and retention is the fact that we have not kept our promises to our veterans.

I don't want to hear that we are not legally required to provide the health care that was promised to our veterans when they joined the service years ago. And I don't want to hear talk about how much it costs, because I tell you it is costing us a whole lot more not to keep those promises than it would to keep those promises.

So I thank you very much for your testimony, and let me turn now to Mr. Filner for his comments and questions.

Mr. FILNER. Thank you, Mr. Chairman. I would like to submit for the record the statement of Congressman Lane Evans, who is the ranking member of our full committee, and I hope that Mr. Forney will submit the letter that you referred to for the record.

Mr. FORNEY. I have dozens of copies.

Chairman BARTLETT. Without objection, so ordered. I have a copy of the letter here. It will be included.

Mr. FILNER. I am more than a little dismayed at the testimony and what you have said. We will hear from the SBA later, after your panel.

Mr. Dennis, I guess you are on the spot here. I hope you will cut to the chase when you testify. I read your testimony. It doesn't seem that you have any—the SBA does not have a sense of the depth of problems, at least as illustrated by your testimony. I hope

that you will cut to the chase and tell us why this widespread dissatisfaction is there and what you are going to do about it.

Have you all tried to meet with the Administrator on these issues as a group?

Mr. WEIDMAN. I have called the Administrator on numerous occasions and always end up talking to Kris Swedin, who is chief of staff, and to Darryl Dennis on whatever issue. I am told that she knows. I am not sure that she necessarily knows everything that is and is not happening.

We have—we started this year off on a much more positive note than calendar year 1999; as I think perhaps members of this committee know, we went from November 10, 1998, through all of calendar year 1999 without a single meeting with SBA—SBA calling the veterans community in at all, even to explain why leading the way none of the recommendations that went from the task force in 1998 were ever implemented.

We started this year off on a much more positive note, that at least SBA hosted a meeting of the Task Force on Veterans Entrepreneurship, which incidentally is no longer the administrator's creature; it is the veterans organizations coming together because SBA would not bring us together. Therefore we got together and did it on our own. It is probably better than way in the end.

We believe that the Administrator knows, and we assume that she has gotten the letters that we have sent to her at some point, even though it goes through a lot of staff screening. We just don't know how to comment on that. We have—will continue to pursue meeting directly with the Administrator.

Mr. FILNER. So none of the veterans groups have met with her personally?

Mr. WEIDMAN. We have asked for meetings, and I have talked to her personally, but I have not met with her specifically on all of the things that we are talking about. They know how frustrated we are because I have told the Administrator directly that, as have some of my colleagues at the table, in regard to the appointments and the appropriations, and we have also shared that directly with Fred Hochberg.

Mr. FILNER. Did the President's submission of the budget for fiscal year 2001 have any money for the program that you are asking for—reprogramming for fiscal year 2000 and fiscal year 2001, did the President's budget—

Mr. WEIDMAN. Fiscal year 2001, I believe that the SBA—the word that we have is that SBA, the Administrator did what she said she was going to do, requested \$4 million for the corporation and \$4.8 million for the Office of Veterans Affairs. OMB in their infinite, or finite, wisdom reduced that to \$4 million in toto and did not break it out. What we are told is that the intent is \$1.1 million for the corporation and 2.9 million for the Office of Veterans Affairs.

Mr. FILNER. I hope you will bring that clearly to the attention of the Appropriations Committees, et cetera.

I am more than dismayed at the testimony. I know Ms. Alvarez to be a committed administrator.

Mr. Chairman, I would like us to—and I hope that you will carry this back to the Administrator, I would like to have the meeting

that these folks requested with the Administrator, with us, the Chair and the ranking members of our two subcommittees there, with your permission. I mean, this has gone on for too long. We passed the law. The intent is clear.

It looks to me—and I have a lot of experience with this kind of testimony; I have read Mr. Dennis's testimony. There is another side to it as the vetting process goes through, and there is time for appointments and all of that. But there clearly is not the priority that we intended to implement this law, and I think we should bring it directly to Ms. Alvarez's attention that we take this seriously and the Congress takes this seriously.

The VSOs are looking at it very closely, and I would hope that we could ask for that kind of meeting without press. Let's make clear what our intent is. And if she needs help to administer it, let's give her the help. But I think—I am sure Mr. Dennis will bring back my comments to Ms. Alvarez, but I believe that we need to be an advocate here, as you have properly brought this to an oversight committee; but there is lots of work that we can do behind the scenes with direct intervention.

I would hope that either—in a bipartisan way, we could have that meeting with Ms. Alvarez and the folks represented here in the future.

Thank you, Mr. Chairman.

Chairman BARTLETT. Thank you.

We have been joined by Mrs. Christian-Christensen, and would now ask if she has questions or comments.

Mrs. CHRISTIAN-CHRISTENSEN. Thank you, Mr. Chairman, and I wanted to thank you for holding this hearing. I believe I participated in one with you as the bill was brought before the Congress, and I am very disappointed to see that so many delays have taken place in its implementation. I wanted to also offer apologies for Congressman Davis, and I would like to have his opening statement entered into the record.

Chairman BARTLETT. Without objection. Thank you.

Mrs. CHRISTIAN-CHRISTENSEN. I have a few questions. Some of them have already been answered.

Public Law 106-50 states that the National Veterans Development Corporation will establish a plan to raise private funds and become self-sustaining after 2003. Are there any plans—have any plans been made to raise private funds within the veterans service organizations?

I would ask that of Mr. Weidman.

Mr. WEIDMAN. The answer is—and if I may mention, I bring the regrets of the dean of our delegation, Mr. John K. Lopez, who is either the dean of the veterans community or the agitator who got us all wound up on this issue. John is ill and that is not why he is not here.

[Mr. Lopez's statement may be found in appendix.]

Mr. WEIDMAN. John has been extremely active working with NationsBank, with AT&T, with the Baby Bells, which are no longer so baby, in putting together the pledges of resources and capital to be made available to the National Veterans Business Development Corporation. We are doing other things, as well, in terms of laying the groundwork, but we need an entity.

The corporation was actually formed and incorporated in the District of Columbia. Mr. Dennis is one of the three incorporators, along with the solicitor of Labor and another attorney in that office. And so he essentially is the spokesperson for the corporation until the White House moves ahead and appoints the members of the board.

Mrs. CHRISTIAN-CHRISTENSEN. Do you think that this corporation would be self-sustaining after 2003? Do you expect that it will be self-sustaining at that time?

Mr. WEIDMAN. Yes, I do after 4 full years of operation. We are now just about halfway through fiscal year 2000, and we have nothing to show for it. To my knowledge, there has been no fundraising or any kind of activity on the part of SBA. They have not laid the groundwork for that new board to step into.

If, in fact, the appropriations, full appropriations are not forthcoming and/or we don't move forward quickly, then I cannot speak for all of my colleagues in the veterans community. But I will say on the part of PVA, we would want to move forward and extend that deadline because we are getting off to such a slow start.

In 4 years, yes, ma'am, I do believe that we can do it.

Mrs. CHRISTIAN-CHRISTENSEN. Thank you, Mr. Chairman.

Chairman BARTLETT. Thank you.

We have been joined by Mr. Chabot. Do you have any questions?

Mr. CHABOT. Not at this time, Mr. Chairman. Thank you.

Chairman BARTLETT. Let me see if I can understand what has happened here. When Ms. Alvarez came to her position, she recognized that the Small Business Administration had not been adequately serving veterans, and she spoke with representatives of the Veterans Administration and set up a task force and this was in 1997?

Mr. WEIDMAN. No, sir, this was subsequent to your hearing in May of 1998 that the task force was formed.

Chairman BARTLETT. So this was in response to our hearing?

Mr. WEIDMAN. It was in large measure, yes, sir.

Chairman BARTLETT. Did that task force bring its recommendations in 1998?

Mr. WEIDMAN. This report has been supplied to committee staff in the past and is available out here on the table, Mr. Chairman, dated October 16, 1998. The task force actually finished their work in September, and it took a few weeks to do the write-up. This was formally delivered to the Administrator on November 10, 1998 and nothing ever happened subsequent to that.

Chairman BARTLETT. There was no response from the Small Business Administration to the recommendations of the task force; is that correct?

Mr. WEIDMAN. There was no action taken on any of the recommendations to my knowledge, sir. And we asked for meetings and pushed and pushed, and it became clear by the end of January that there was a lot of frustration in the veterans community, so Senator Bond and Senator Kerry allowed us to have an informal meeting in their hearing room on the Senate side.

Out of that came a desire from the veterans organizations to continue to meet, and incidentally, staff from this side of the Capitol were invited to come up to it and did. Folks wanted to start meet-

ing regularly. That then led to the development of us working with you to develop the legislation which ultimately became Public Law 106-50. And subsequent to the enactment of Public Law 106-50, that informal group that had come together of 37 veterans and military organizations backing that legislation—all on the same flyer, if you recall, sir—decided to move forward and create a more formalized arrangement of the Task Force on Veterans Entrepreneurship. We have letterhead. We have our own budget now, independently, and essentially work as a clearinghouse of all of the veterans organizations.

But we did not at any point, even though there was input formally and informally into the Administrator and others at SBA, have any indication about why this was continuing to be stuck.

I want to make one point in regard to Mr. Filner's comment before, if I may, Mr. Chairman. I know I speak for VVA, but I believe I speak for all of us in the veterans community. We are unhappy, but this is not a grouse session from our point of view. For most of us, we have our eyes clearly on the prize; we are not into "who struck John."

The kind of off-the-record meeting that Mr. Filner suggested, if you and Mr. Filner could play a facilitator role, that would be marvelous in an off-the-record meeting. We are interested in progress, working together with the SBA, with SCORE, with the Small Business Development Centers to produce meaningful services that will assist veterans, particularly disabled veterans, to successfully operate and own their own businesses; and that is our bottom line.

We are not interested in "who struck John" or "who did what when" or "who didn't do what when." what we are interested in is real and substantive progress from this point on, sir.

Chairman BARTLETT. Were most of the recommendations of the task force included in the legislation?

Mr. WEIDMAN. Many of them were; not all of them, sir.

Chairman BARTLETT. I gather that the implementation of the law is now stalled because the President has not appointed either the members of the board of directors or members to the advisory committee; is that correct?

You say these groups should act as oversight, the advisory committee and the board of directors. My understanding is that neither one of those exists now because the President has not appointed those members; is that correct?

Mr. WEIDMAN. It is part of the story, sir. The appointments are one key part of the story. Moving the regulations forward is another element, getting the money lined up, which frankly is a shared responsibility of the Congress and the President; and the administration is another element. But there are many other things that could be moving forward in terms of the implementation and putting in place the veterans identifier mechanisms within the agency; within each and every program, putting together those clear objectives which are in conformance with the Government Performance and Results Act. So there is a great deal that could be going on even while we are waiting for the appointments.

It becomes an excuse after awhile, Mr. Chairman, and not a reason.

Chairman BARTLETT. Thank you.

Mr. Naschinski, you mentioned that and I quote you, that SBA has a reputation of being a do-nothing organization. Why would you say that?

Mr. NASCHINSKI. Sir, that is certainly very true. That is a perception that the veterans community has, and I think we have that for good reason.

Chairman BARTLETT. You make that comment relative to the perception of the veterans community; is that correct?

Mr. NASCHINSKI. I have heard many people outside of the veterans community say the same thing.

Mr. FILNER. I know the SBA to be a do-something organization in many respects. That is what concerns me so much about this, and I think the way that Mr. Weidman put it was exactly right. They can be effective; we want them to be effective in this area where they are not being. So that would be the purpose of a discussion that I would have.

I know them to be in many areas very good, and if they are not in this area, let's make sure that Ms. Alvarez sets it up so that they are. You are far more diplomatic than I am, Rick, so I would rather use your words for the purpose of the meeting.

Mr. WEIDMAN. That is probably the first time ever in either the Congress or in meetings of the executive branch that I have been branded as diplomatic, Mr. Filner.

Mr. FILNER. The term is relative. I make everyone look diplomatic.

Chairman BARTLETT. Thank you.

Mr. Hopkins mentioned the Veterans' Affairs Task Force. Did its recommendations include the essential elements of a solution to veterans' problems from your perspective?

Mr. HOPKINS. I guess that you are directing that at me, Mr. Chairman?

Chairman BARTLETT. Yes, sir.

Mr. HOPKINS. Could you please repeat your question?

Chairman BARTLETT. You mentioned the Veterans' Affairs Task Force in your testimony, and I was wondering if you felt that the recommendations of that task force addressed the major issues of the veterans community?

Mr. HOPKINS. I guess I have to direct that question to Rick. I was not involved in the beginning with the Veterans Task Force. I really do not have an answer to that question. Rick, would you—

Chairman BARTLETT. It is my understanding that the veterans were pleased with the recommendations of the task force, that your displeasure is in the fact that they have not been implemented by the administration; is that correct?

Mr. HOPKINS. I'm sorry, yes, sir.

Chairman BARTLETT. That was the point that I was getting at.

You also mentioned that there have been no nominations to the board of directors and to the advisory committee. Why has that not happened? Do any members of the panel have any indication why that has not happened?

Mr. HOPKINS. It is my understanding, sir, that it is being held up at the White House, for what reason, we are not sure.

Chairman BARTLETT. We have no indication from the White House as to why they have not made these nominations?

Mr. HOPKINS. PVA is not aware, sir.

Mr. WEIDMAN. Mr. Chairman, if I may add to that. Within the past 5 days, the White House has begun contacting individuals who are on the nominee list and I just found that out yesterday, sir. So there is finally some movement. It is surely unrelated to the fact that there is a hearing today that there is movement there, but one can't help thinking that there might be some degree of causality; and we would ask for your assistance in a bipartisan joint letter to the President and the Vice President to help keep things moving along.

Chairman BARTLETT. Thank you.

Mr. Baskerville mentioned the Office of Advocacy. Have any of you had contact with Jere Glover at the Office of Advocacy?

Mr. BASKERVILLE. No, I have not had any contact with the office. The statistical data that I secured was part of the statistics as brought forth to us through the transition commission, going on in their report about SBA and the assistance veterans have been receiving in securing assistance from that agency.

Chairman BARTLETT. None of you have had any personal contact with the Office of Advocacy?

Mr. WEIDMAN. We have had that contact with Mr. Glover and have found them to be generally very responsive. There are some limitations on what he can and can't do. A lot are what he claims are fiscal constraints, which no doubt are real.

The Advocacy Office could do a great deal more if we had the nascent regulations, one; two, structured input to SBA on other matters not just appointments. The task force is now an independent entity of the veterans organizations that have come together. We move our meeting around.

We did have one meeting that was a very positive meeting, and we thought that 2000 was off to a good start and we still hope it will be better than 1999.

The point that I wanted to make there was that SBA still has not consulted us. We invite them to come to the meeting that we establish, that is partly in person and partly telephonic meetings, that we, the veterans organizations, have to pay for the conference calls to make sure that folks from California, or wherever else they are located in the country, who are advocates and participants in the task force can indeed participate. We invite SBA and we don't have a heck of a lot of invitations from the other way.

We are happy to invite SBA and will continue to work with them. We just want to see more reciprocity and more focus on the mission, Mr. Chairman.

Chairman BARTLETT. Thank you. Jere Glover is perhaps my poster person for what a public servant ought to be. He is one of the few people in government I know of who can tell you, I am from the government and I am here to help you, and people don't burst out laughing. When he says "us," he is talking about the small business community; and when he says "them," he is talking about the bureaucrats, and I would have been surprised if you had not given a good response on Mr. Glover's response to your concerns.

We are disappointed, obviously, that more progress has not been made in the implementation of this law. We were disappointed that the law was needed; we felt that there should have been no need

for the law. Past laws certainly included veterans groups with all of the other disadvantaged groups; and they should have been given proper attention previously. Because they were not, we passed this law and still nothing has happened.

How many people in the Small Business Administration that you have contacted are veterans? I am trying to search for a reason that we are having this problem. It ought not to be a problem, but I think that one of the problems is that we now have too few people in the Administration who are veterans and who understand the problems of veterans. Do you think that this could be part of the problem, that if you haven't been there you just don't know what the needs are and therefore have difficulty responding appropriately?

I am sure that these are all well-intentioned people. In other venues, they do a reasonably good job. And in terms of the veterans from all of your testimonies, there has been pretty much across-the-board failure, and I am trying to figure out why that is. Do you think that there are too few veterans there and therefore your concerns are not understood? Have you talked to anybody there who is a veteran? Are there some veterans there?

Mr. WEIDMAN. Well, we have, Mr. Chairman. I can only share the perspective of VVA on this issue, and that is that you do not have to be a veteran to be a veterans advocate. Some of the finest veteran advocates we have ever met are not veterans, and it would be true at SBA—people like JOHN Albertson, who runs the Small Business Development Center program is a terrific veterans' advocate. He has tried to do things for veterans inside for many years, but there have been no marching orders or clear objectives that have been set coming from the top, and rewards and sanctions for meeting or exceeding or failing to meet those objectives.

Competition systems and rewards and sanctions work. VVA believes in competition. It is one of the reasons why our economy works. The same thing is true within government. People study to the test, and veterans and disabled veterans have not been a question on the test as to whether a district office director gets a promotion, gets a raise, merit increase, et cetera. Veterans and disabled veterans need to be on that test in every single way throughout SBA.

That is doable. That does not cost money. That is just focus on the part of the key people inside SBA on making sure that they focus on what Public Law 106-50 requires us to do, what is the intent of it to do beyond the letter of the law, and how can we best implement this to do right by our veterans. That is all just will. It is will and focus, using the competence that is there and getting assistance from the Hill and from the veterans community to make sure that they do it in the best possible way.

Chairman BARTLETT. What percentage of our veterans community are now Vietnam vets, do you have that number?

Mr. WEIDMAN. Vietnam veterans are about 8.1 million out of 25 million, so whatever that works out to, about a third.

Chairman BARTLETT. About a third are Vietnam veterans. Let me turn to my colleagues to see if they have additional comments or questions before we dismiss this panel and move to our second panel.

Mr. FILNER. Just briefly, Mr. Chairman. I just want to say something because I have to apologize, I have to leave before the second panel. But I hope we will not go down that road looking at whether people are veterans or not.

I certainly am not a veteran. I asked to be on the Veterans Committee to work for the veterans in my district, and I think I have learned these issues and continue to learn them, and I don't think that is the road.

I think the road to go down—like you, I have the utmost respect for Mr. Glover, Mr. Hochberg, Ms. Alvarez, they are committed, hard-working people; but like any agency, they have a lot to do and until we can help focus them in this area, and get—it is a question of will and priority and get their attention, then I think they will put their talents to work in this area, and that is why I hope that we can do this through some personal intervention and letting them know how strongly we feel about this.

I think it is a question of an agency that has too much to do, and we want to give them the resources and the ability to focus on this issue to do as well as they might do in other areas.

I thank you again, Mr. Chairman. This hearing has been extremely helpful to me personally, and I think it just focuses all of our thoughts on an issue which can escape people's attention, as we have seen with your testimony; and I would say, most Congressmen, unless things are brought to our attention. We have a hundred million things to do; unless you focus our attention, we don't do what we can. And it is not that we are not committed, it is just a question of our own priorities at a given time. And I think the same is true with an agency, and I think our job is to help the panel focus their attention.

Chairman BARTLETT. I was not a veteran either, but I did work 18 years for the military in a number of capacities and developed a real admiration for those who did serve and the contribution that they made to our country.

Mrs. Christian-Christensen, do you have questions?

Mrs. CHRISTIAN-CHRISTENSEN. I am not a veteran either, but I married one about a year-and-a-half ago. I just share your concern over the act. I, too, when it was passed, thought that we had responded to the need to have more focus on making sure that our veterans, disabled and otherwise, were given every opportunity to enter the business community and to build strong and productive businesses.

I seem to recall that when we had the hearing with the Administrator about a week ago, she did say—express her commitment of moving forward with this act; and I look forward to working with you, Mr. Chairman, and our other colleagues to intervene on behalf of our veterans and make sure that the law is fully implemented.

Chairman BARTLETT. Thank you very much.

Again, I thank all of the members of the panel for your testimony and contribution. We will dismiss this panel.

Mr. NASCHINSKI. Mr. Chairman, may I add one other comment?

Chairman BARTLETT. Yes, sir.

Mr. NASCHINSKI. Congressman Filner took exception with my remark about the SBA being a do-nothing organization. I would like to clarify that the American Legion was one of the groups that lob-

bied for the original program which was administered by the VA. Throughout the history of the organization until—actually until 1995, we always supported the SBA and tried to work with them; and we had some very good relationships there. But in 1995, because every administrator since 1989 had refused to meet with us and listen to our concerns, the American Legion became so frustrated that it finally passed a resolution withdrawing all of our past resolutions that put us on the record for being in support of the agency.

Furthermore, that resolution also said that if the SBA cannot meet its responsibilities as far as veterans were concerned, we would vote for moving that Office of Veterans Affairs out of SBA; and as far as we were concerned—and there was conversation at the time about doing away with SBA—that we would not be in opposition.

Chairman BARTLETT. Thank you. Do other members of the panel have any parting comments before we dismiss this panel?

Mr. Weidman.

Mr. WEIDMAN. All I want to say again is, thank you for your leadership in this area. My comment about—while we believe very strongly in veterans preference and in the need for more enforcement of that throughout the Federal Government, both you and Mr. Filner are walking proof that you do not need to be a veteran to be an extraordinary advocate on behalf of our Nation's veterans; and we are grateful and look forwarded to working with you and SBA to make Public Law 106-50 a reality for the disabled veterans and other veterans who own businesses or want to.

Chairman BARTLETT. Thank you. Thank you members of the panel.

Let me welcome the members of our second panel: Mr. Woodrow McCutchen, Executive Director, Association of Small Business Development Centers. Thank you for joining us. Mr. Kenneth Yancey, Executive Director, National SCORE Office; and Darryl Dennis, Assistant Administrator, U.S. Small Business Administration.

We will begin with Mr. McCutchen.

STATEMENT OF WOODROW C. MCCUTCHEN, EXECUTIVE DIRECTOR, ASSOCIATION OF SMALL BUSINESS DEVELOPMENT CENTERS

Mr. MCCUTCHEN. Thank you, Mr. Chairman. I am the President and CEO of the Association of Small Business Development Centers. Our organization represents the host institutions and the State and regional directors of the national SBDC network which operates programs in all of the 50 States, the District of Columbia, Puerto Rico, the U.S. Virgin Island, Guam and American Samoa.

Authorized in 1980 under section 21 of the Small Business Act, the SBDC program currently operates more than 1,000 client service locations throughout America providing business education and management assistance to roughly 600,000 existing and pre-venture small business clients annually.

I would like to thank you for this hearing today and for the opportunity to testify.

The ASBDC was an early, proud and ardent supporter of H.R. 1568, and we are extremely pleased that our association and our

network of Small Business Development Centers have been assigned specific veterans responsibilities under the act. As I indicated in testimony before the Subcommittee on Benefits on October 28, 1999, the ASBDC concurs with the conclusion of the commission. Congress should accord veterans a full opportunity to participate in the economic system that their service sustains. We are confident that the SBDC counseling and training significantly enhances the prospects for the successful pursuit of those opportunities afforded by the Congress.

Our program has provided services to veterans as a targeted population for many years. In fiscal year 1998, SBDC provided counseling and training to 41,000 veterans and in fiscal year 1999, that figure rose to 43,287. These figures are conservative because many of our veteran clients do not self-identify themselves as such.

One of the most exciting elements of our responsibilities under H.R. 1568, or now Public Law 106-50, is the mandate to educate veterans about the benefits available. SBDC delivers veterans Transition Assistance Program seminars to separating military personnel throughout America. While the primary focus of TAP programs remains assistance in finding employment, statistics indicate a growing interest among veterans in entrepreneurship as a post-military career option.

Military training and experience make veterans a prime prospect for many franchised and independent small business ventures that place a premium on teamwork and effective delegation. The ASBDC recommended last year that TAP programs could be greatly improved by increased emphasis on entrepreneurship and the implementation of Public Law 106-50 will support this increased attention.

In preparation for our delivery of services and initiatives under Public Law 106-50, the ASBDC convened a meeting of representatives from veteran and military associations in September 1999 to discuss their views on how the SBDC program could better serve the needs of veterans. Congressman Jerry Solomon co-hosted the event, and the list of attendees is attached to my written testimony.

The program included some very candid exchanges between the participants and a commitment to continue regular dialogue and collaboration. In October of last year, the Small Business Administration announced its new Veterans Business Outreach program authorized by section 708 of the Small Business Reauthorization Act of 1997. Through this program, SBA awarded grants to set up four Veterans Business Outreach Centers in different regions. We are very proud that three of those four grants were won by SBDCs, and we are now operating those centers in New York, Florida, and Texas.

The ASBDC worked with the SBA and the Department of Veterans Affairs to develop the memorandum of understanding specified in Public Law 106-50. The services and responsibilities assigned by the MOU reflect the legislative language and intent and provide a collaborative framework for the efficient and effective delivery of information and services to veterans.

I personally signed that MOU on January 28, and we have initiated the scope of work as follows: We immediately communicated

the ASBDC responsibilities to every State and regional director in the country with the indication that our existing client databases should provide the initial information on veteran-owned small businesses. The SBDC program has not traditionally distinguished between veterans and service-disabled veterans, and we directed our members to make adjustments to do so immediately.

We have also established a prominent icon on the ASBDC Web site to promote the veteran services and programs, with an interactive data collection response capability to start collecting the data for the research assigned to us under the law.

We have organized a veterans task force. We decided that a lot of what has to be done requires attention, and when we polled our State directors, we found that 18 of our 38 male State directors are, in fact, veterans, and three of them are service-disabled veterans. Our task force is made up of those veterans, and they will ensure that the SBDC program gives the proper attention to our responsibilities under the law.

We have developed for distribution an information letter to more than 160 veterans organizations, requesting their participation and assistance in promoting the information clearinghouse.

We have opened discussions with the Service Disabled Veterans Business Association for SBDCs, John Lopez, to develop and operate 26 service-disabled veteran comprehensive rehabilitation opportunity program sites. That is a pretty long moniker. But basically that organization, in looking at the best resource for delivering services to their members to make sure that they can take advantage of the benefits under the law, decided that the SBDC program was the only resource and approached us about developing this program.

We have also initiated discussions with the Department of Veterans Affairs for the distribution of program information with their semiannual notices to disabled veterans.

I would like to digress a moment from my testimony, Mr. Chairman, and indicate, before I started work with the SBDC program in Maryland specifically, I worked for a national franchise operation, and we had a very aggressive senior management commitment to developing minority franchisees. We had about 400 stores operating when we started and we had two that were owned by minorities, and within 15 months that two was raised to 30; and I guess the point that I am trying to make is that in many cases programs work simply because there is someone who has been identified as having the responsibility for making them work.

We have started on that track in the SBDC program, and we are confident that our State directors, many of whom are veterans, will make sure that the SBDC programs take our responsibilities seriously and that we continue to deliver services not only to veterans, but to all of our country's small businesses. We would like for the Congress to consider the SBDC program its number one alternative in delivering small business services to all our populations.

With that, I thank you for this opportunity to testify and would be happy to answer any questions.

Chairman BARTLETT. Thank you.

[Mr. McCutchen's statement may be found in appendix.]

Chairman BARTLETT. Mr. Yancey.

**STATEMENT OF W. KENNETH YANCEY, EXECUTIVE DIRECTOR,
NATIONAL SCORE OFFICE**

Mr. YANCEY. I am—Mr. Chairman, my name is Ken Yancey and I am Executive Director of the Service Corps of Retired Executives Association, better known as SCORE. Thank you for inviting me to testify today.

Since its inception, SCORE has been committed to serving the veteran entrepreneur on issues that relate to starting and growing a small business. Our chapters continue to offer no-cost assistance to separating military personnel through Transition Assistance Programs on more than 15 military bases across the country. On some of these bases, we provide over 20 workshops each year suggesting small business ownership as a career alternative. In those workshops, SCORE volunteers provide information on how to take a business idea from the conceptual stage through the actual start-up of the business. Counselors discuss the many benefits and challenges of small business ownership and focus heavily on the business planning process.

Attendees also receive information on other sources of assistance, including SBA programs targeted towards veterans. After participating in the SBA's veterans task force and following the enactment of the Veterans Entrepreneurship and Small Business Development Act of 1999, SCORE is in the process of more aggressively reaching out to the veteran community. In 1999, we appointed Emil Naschinski, Assistant Director of Economics at the American Legion, as counsel to the SCORE board of directors on veterans' issues. With assistance from Mr. Naschinski, SCORE has put in place a plan to be in conformity with the provisions of the new act that relate to SCORE.

We have worked together with the SBA to amend the request for counseling form 641 to collect additional information from those clients that identify themselves as veterans when requesting face-to-face counseling from SCORE, including disability and service-connected disability. SCORE actively promotes its existing toll free 800 number to veterans and to veterans service organizations so that more veterans will have free access to our national office for assistance in finding their nearest SCORE chapter.

For veterans who are active on the Internet, SCORE has created a veterans Web site within the award-winning SCORE Web site located at www.score.org. This site within a site links from the front page of the SCORE Web site. Visitors will find links to the fine SCORE service where they can enter their own ZIP Code and locate the e-mail address, physical address and telephone number of the nearest SCORE chapter.

Within the veteran site is a description of and links to SCORE's get e-mail counseling function. Veterans entrepreneurs can send an e-mail question to one of over 800 counselors available on-line with a specific skill or expertise that is needed to assist them with their needs. The veterans site also includes links to the SBA Web site, the SBA PRO-net program, the Veterans' Administration Small Business Resource Center, and a link to Hire-Quality.com, a site run by veterans that is designed to assist separating military personnel in finding quality employment opportunities.

With additional assistance from Mr. Naschinski in its national office, SCORE has created the position of National Volunteer Director for Veterans Outreach that will report to the Executive Director. This position will be charged with contacting the various Veterans Service Organizations to promote SCORE services and SCORE volunteer opportunities to their membership. This volunteer position is to be filled by April 15, 2000.

We have also entered into a memorandum of understanding with SBA Administrator Alvarez to support our efforts to reach more veteran entrepreneurs and volunteers.

Mr. Chairman, I would like to thank you personally and the committee for their support of SCORE. We are committed to serving the veteran community, and I appreciate the opportunity to testify before you today. Thank you.

Chairman BARTLETT. Thank you.

[Mr. Yancey's statement may be found in appendix.]

Chairman BARTLETT. Mr. Dennis.

**STATEMENT OF DARRYL DENNIS, ASSOCIATE DEPUTY
ADMINISTRATOR, U.S. SMALL BUSINESS ADMINISTRATION**

Mr. DENNIS. Thank you. Good morning. I am Darryl Dennis, Associate Deputy Administrator for Entrepreneurial Development at the U.S. Small Business Administration. Administrator Alvarez has asked me to appear on behalf of the agency. Thank you for affording us this opportunity to discuss SBA's commitment to our Nation's veterans and their entrepreneurial needs, and progress on implementing the Veterans Entrepreneurship and Small Business Development Act of 1999.

Mr. Chairman, I ask that my written testimony be made part of the record.

The mission of the SBA is to help small businesses get in business, stay in business and grow their businesses. We offer a variety of financial, management and procurement assistance programs to accomplish this mission. The finance programs range from microloans to equity financing, while the management assistance programs vary from group training sessions on how to start a small business to one-on-one counseling in specific areas such as exporting. We also provide anytime, anywhere classes and counseling via the Internet.

We are reaching veteran entrepreneurs. In fact, in fiscal year 1999, 11.2 percent or \$1.4 billion of all SBA loans were made to veteran-owned businesses; 6.5 percent of all 8(a) program participants were veteran owned businesses and received approximately 15 percent of all 8(a) contracts and modifications, equating to approximately \$720 million.

Approximately 72,000 veteran entrepreneurs received business counseling and training through SBA's resource partners such as SCORE and the SBDCs, our Women's Business Centers, as well as our Business Information Centers.

We are pleased that the Veteran's Act has provided us with a vehicle to make SBA programs more accessible to veterans, and we have been working aggressively on its implementation. I would like to outline where we are in implementation of the Veteran's Act. We plan to establish an Office of Veterans Business Development ad-

ministered by an Associate Administrator, who will be a Senior Executive Service appointee—currently we are in the final selection stage of selection for this position and expect to make a decision soon—and appoint members to the SBA Advisory Committee on Veterans Business Affairs.

SBA legally established the National Veterans Business Development Corporation on October 1 of 1999. Currently, the nominees to the Corporation board are in the final vetting process at the White House. Also with regard to the Corporation, no money was appropriated in fiscal year 2000. However, SBA has submitted a supplemental request for \$500,000 to fund the Corporation, but Mr. Chairman, we are very concerned that this supplemental request was not included in last week's House markup. I would like to urge the members of these committees to support this request.

The appointments to the SBA Advisory Committee are pending at the request of Congress until the President appoints the corporation's board.

The Act also directed that we work cooperatively with other agencies and resource partners to increase veterans' access to financial and technical assistance. In that respect, we have executed memorandums of understanding with entities such as SCORE, the Department of Veterans Affairs, and the Association of Business Development Centers.

For the Military Reservist called to active duty, we have published guidelines to our field personnel on providing business development and management assistance for those who own or control small businesses. We have also implemented the provisions of the Act related to direct or SBA purchase loans and have notified our field offices of the need to encourage lenders holding SBA guarantee loans to provide relief to such Reservists.

In the procurement area, we have a big job ahead of us to reach the 3 percent goal. I assure you that we are doing everything we can to enlist other agencies to work with us to reach that goal. SBA has proposed appropriate revisions for inclusion in the Federal Acquisition Regulations, and we will also collect the appropriate statistical information. To ensure that Federal agencies and departments are fully aware of the 3 percent goal, tomorrow SBA will address the Small Business Disadvantaged Utilization Council.

Recently SBA coordinated the efforts of 18 Federal agencies during the first White House procurement conference. A veteran-owned HUBZone-based small business was awarded a \$4 million contract on site. That company was Battle Transportation Services.

Lastly, I would like to give you a progress report regarding the veterans study and report required by the Small Business Reauthorization Act of 1997. The SBA has been working with the contractor, the William Joiner Center at the University of Massachusetts at Boston, to conduct a study and develop a subsequent report.

Mr. Chairman, we have developed a plan that will include existing data sources and focus groups that will generate significant information on veterans' small business needs. In consultation with the House Small Business Committee staff, SBA and the contractor have developed this plan and we expect to complete the study and report by the end of this year.

In conclusion, I would like to say that I have mentioned statistics, MOUs, regulations and guidelines. However, to ensure continuing success, Mr. Chairman, I would like to urge the members of these committees to support the administration's supplemental request to fund the corporation.

Thank you for the invitation and the opportunity to update you and the veterans community about the SBA's progress in implementing the new law and our efforts to ensure that the entrepreneurial needs of our Nation's veterans are realized. I will be happy to answer any questions from you or any other members.

[Mr. Dennis' statement may be found in appendix.]

Chairman BARTLETT. Thank you.

Let me turn to Mrs. Christian-Christensen for her questions and comments.

Mrs. CHRISTIAN-CHRISTENSEN. Thank you, Mr. Chairman.

My first question would be related to the prior testimony as to whether or not the Administrator had responded to the request of the Veterans Service Organizations to meet, and the failure of the Administrator to do so.

Can you give us some clarification on that?

Mr. DENNIS. Yes, Congresswoman. I can personally attest to you that the Administrator is certainly committed to our Nation's veterans and would be more than amenable to have dialogue and meetings with veteran entrepreneurs and veterans organizations. I would be willing to be a catalyst in ensuring that we have that type of dialogue with the Administrator, as well as the Deputy Administrator.

Mrs. CHRISTIAN-CHRISTENSEN. Thank you. That has always been my experience, as a matter of fact.

I anticipate that she will be meeting with veterans when she attends a women's business conference in my district next month. We thank you for your willingness to intervene and help to set up those meetings.

Just some clarification. Has the Associate Administrator of the Office of Veterans Business Development been appointed?

Mr. DENNIS. We are in the final selection process for that position. The ERB, that is, the Employment Resource Board within the Small Business Administration, has met and interviewed seven applicants for that position and a list of recommendations has gone to the Deputy Administrator and the Administrator. They will be conducting interviews very shortly with those final candidates.

Mrs. CHRISTIAN-CHRISTENSEN. Thank you.

On the Business Development Corporation board and the delay in having those nominees in place, how long have those nominees been at the White House and has the Administrator intervened to try to expedite the process since we are behind the benchmark for having that in place?

Mr. DENNIS. We have actually been assured by the White House that the final vetting process is underway. What I can share with you, the vetting process normally entails the FBI, the Internal Revenue Service. That process generally takes a couple of months based on the responses of the individuals and any particular issue that might arise relative to nominees.

I feel confident that we will have closure with the nominees in a very short time frame.

Mrs. CHRISTIAN-CHRISTENSEN. Thank you.

I wanted to ask Mr. Yancey a question.

Mr. Yancey, in your testimony, you stated that SCORE provides workshops and counseling to separating military at 13 military installations. Are there any plans to expand these workshops to more installations?

Mr. YANCEY. We would like very much to expand our participation in the transition Assistance Prose at various military bases, and one of the tasks that will be assigned to the individual that we appoint as our veterans outreach coordinator will be to make contact with various base commanders who control the TAP program and our ability to participate to see if, in fact, there is room for SCORE and how we might provide a better experience for separating military personnel.

Mrs. CHRISTIAN-CHRISTENSEN. Are you satisfied that the toll free number and the Internet Web site have been sufficiently advertised so that veterans are aware that they exist?

Mr. YANCEY. No, ma'am. We have more work to do in that area. We are in the throes of redeveloping our entire Web site that will add—it will add a new database underpinning that will help us accommodate the types of volumes that we are expecting from this and other opportunities that we are undertaking.

So, no, we have not promoted it as widely as we would like. We have a plan to do that, and it would be occurring between now and June 21st when we launch our new site.

Mrs. CHRISTIAN-CHRISTENSEN. My last question that anyone might be willing to answer.

We heard again the previous panel speak very strongly either against the SBA or about the failure of the relationship between the service organizations and the SBA. What do you think can be done to improve this working relationship? I would invite anybody to answer in addition to the Assistant Administrator.

Mr. DENNIS. I will be the first to respond.

On a continuing basis, it is our intent at SBA to reach out to the veterans community. On numerous occasions we have had meetings; and as was mentioned, we even provided a venue at SBA for veteran organizations to meet and discuss any substantive issues that they may have.

Later this month, I will address the American Legion. Later today, our Assistant Administrator for Veterans' Affairs will address a veterans organization. So on an ongoing basis it is our intent to have dialogue to better understand some of the obstacles or impediments to entrepreneurship by our Nation's veterans.

I will acknowledge that there is a lot of work ahead of us, but I think we are making progress, as evidenced by some of the statistics I was able to share with you. But needless to say, we would like to allay any concerns that veterans have in terms of the perception that SBA is not a receptive partner.

Mr. MCCUTCHEN. I think we found out when we hosted the breakfast with the veterans organizations, regular, informal, candid dialogue is probably the best way to handle the level of frustration that is being felt by a number of organizations. We found in

that breakfast, for instance, that one of the representatives from one of the organizations indicated that some of their members had said that the SBDCs never did anything for veterans, and of course, whenever I hear that comment, I challenge it.

It is clear that what first has to happen is that the organizations must understand what programs do and what we don't do. And I go back to my example, if there is an understanding that someone, a person, and not just a number or an e-mail address, but there is someone who has been assigned specific responsibility to make sure that we go beyond the numbers, the statistics, and that we actually establish veteran services as a priority, I think if that understanding is there, then a lot of frustration will disappear.

Mrs. CHRISTIAN-CHRISTENSEN. Thank you, Mr. Chairman. The Congressional Black Caucus meets tomorrow, and I will elicit their support for the supplemental budget request. We have several members on Appropriations and on Veterans. Thank you, Mr. Chairman.

Mr. DENNIS. Thank you.

Chairman BARTLETT. Thank you very much.

Mr. Filner suggested that it might be well to have a meeting between SBA and the veterans groups and the key members of our two subcommittees. I am very supportive of that. When you get people all together in the same room at the same time frequently communication channels that didn't seem to be working before work a whole lot better, and so I will commit that we will pursue that and we will announce when we can get all of the principal players together and when that meeting will occur.

I thank Mr. Filner for that suggestion.

Mr. McCutchen, the Small Business Development Centers work to help those who have been—who are pursuing support through SBA programs. I gather that your ability to help veterans depends on when veterans come to you that the legislation which we are here discussing today is legislation that would have conveyed to more veterans, the opportunities available to them in SBA, and would in some cases have given them very appropriate preferential treatment.

Your ability to serve veterans, I gather is limited by whether veterans come to you or not and so your ability to serve veterans will be improved when this act is finally fully implemented; is that a correct assumption?

Mr. MCCUTCHEN. Yes, but it is not the committee assumption. Our ability to serve veterans will also be impacted by an aggressive promotional campaign, undertaken by us as specified in the act, to let veterans know that there is some benefit.

When we first started discussing the act, we did an informal poll of some of our State directors who are veterans, and we found we never really identify ourselves as veterans because we have never perceived any particular benefit for doing that; and we think that is one of the most important elements to overcome.

Now, quite frankly that is why we have been a bit nervous to do too much promotion until all of the elements of the act are in place, because we don't want to develop a level of expectation that we are not prepared to serve. But certainly as we become more aggressive in promoting the fact that veterans now receive special attention,

that we are actually going out and targeting veterans groups to come in for services, we think that our ability to serve will be expanded, and we are prepared to do that.

Chairman BARTLETT. Thank you very much.

Mr. Yancey, of the parts of SBA, SCORE is perhaps my favorite. Would you tell those who may not know what SCORE is?

Mr. YANCEY. Thank you, I would be happy to.

SCORE is an organization of roughly 11,400 both working and retired men and women who volunteer their time to assist small business owners and those who would like to start a business. We are reaching now about 300,000 different businesses and individuals each year with assistance in helping them achieve their dream of small business ownership.

Chairman BARTLETT. How much do you get paid?

Mr. YANCEY. Organizationally, we have 12 paid employees. We have a budget of 3.5 million that you so kindly support each year, and our volunteers are reimbursed for some of the expenses that they incur as a part of volunteering in the process.

Chairman BARTLETT. Except for a very small paid staff, the volunteers themselves get nothing and what we provide is a little support for transportation in getting to and from the meetings; is that correct?

Mr. YANCEY. That's correct. We are about a thousand volunteers per staff member.

Chairman BARTLETT. That has to be one of the most efficient ratios in government, I would think. SCORE does a great job. They are very active in the district that I have the privilege of representing, and I thank you very much for your contribution.

Has SCORE in the past had any special focus on veterans?

Mr. YANCEY. Yes, sir. In the past, we had the position of National Volunteer—National Volunteer Director for Veterans' Affairs. That position was abandoned in approximately 1995, and outreach to veterans was moved to the chapter level.

We found that by having volunteer position at the national level did not necessarily ensure that we would do a good job locally in providing service to veterans. So we did do away with that position and asked our chapters, as a part of their efforts, to respond to the needs within their unique communities to consider those opportunities to serve the veteran community and do so as it is appropriate.

Chairman BARTLETT. Thank you very much. And I thank all of your members of SCORE for their contribution.

Mr. Dennis, if I could forget the previous panel and just focus on your testimony, I would conclude that things are going swimmingly. How do you explain the difference in your testimony and the testimony of the previous panel—an enormous difference in perception? How do you explain that?

Mr. DENNIS. Mr. Chairman, honestly I can't reconcile the intent of the previous panel. What—with my comments and my statistics. What I can share with you is that it is certainly the goal and objective of SBA to do a better job, to reach out and to attempt to allay the concerns that the veterans and their representatives mentioned on the previous panel.

What I would like to share with you is that throughout the 70-plus district offices that we have at SBA, all of our district direc-

tors have goals, and one important area for consideration and attainment deals with the area of goals toward veteran entrepreneurs. If we have district directors who fail to achieve the goals as provided by the Administrator and Deputy Administrator, that affects their compensation.

One other area where we also reach out to veterans is in the area of new markets. We have been aggressively touting the New Markets program and the New Markets Initiative as a vital part of what we do at SBA. We believe the veterans are very involved and should be included in our New Markets Initiative. We have established—we have sought, rather—proposed legislation to increase our guarantee for loans up to \$150,000, up to 90 percent; and that area includes veterans or businesses owned by veterans.

Also, when I mention to you our 8(a) numbers, we have replete within the 8(a) program a substantial number of veterans who participate and do exceptionally well on the 8(a) program.

Chairman BARTLETT. Thank you.

Members of the previous panel described the SBA response as a do-nothing organization, as opposing the legislation which was strongly supported by all of these veterans groups, of dragging their feet—SBA was dragging their feet. SBA disregards veterans issues, was Mr. Hopkins' observation.

Is the Small Business Administration aware of the enormous dissatisfaction among the veterans groups with your performance relative to their concerns?

Mr. DENNIS. Well, today we heard those concerns.

Chairman BARTLETT. You did not know them before?

Mr. DENNIS. Recently a number of veterans organizations were actually present when we had the announcement of our budget roll-out. At that forum, during the session when the Administrator stated eloquently what our budget—proposed budget would be this year, a number of representatives from veterans organizations enthusiastically applauded the Administrator's announcement in terms of the fiscal year 2001 budget.

Needless to say, we have heard concerns today, and what I can commit to you is that we will convene as soon as possible a meeting with the representatives here and other groups who represent veterans to better understand how we can facilitate to arrive at a win-win situation between SBA and the veterans.

Chairman BARTLETT. I think their response might be that you had that meeting several years ago, a task force was set up, recommendations were made, and the Small Business Administration did not respond, in their view, to any of those recommendations.

How will we benefit by reconvening that group and going through that process again?

Mr. DENNIS. I think as I read through the 19-plus task force recommendations, it seems that a lot of those recommendations were codified in the legislation which was passed into law. Therefore, I think one could surmise that there has been some progress in many of those areas.

Chairman BARTLETT. The progress is just in implementing the law. In their view the law would never have been needed if SBA would have paid what they perceived as adequate attention to vet-

erans; and because SBA did not do that, then we had the law. And their perception is that SBA, in spite of the law, has done nothing.

How do you respond?

Mr. DENNIS. Well, since 1992, I know that \$11.5 million in microloans have been approved for veteran entrepreneurs. Microloans, as you know, are used by start-ups to get started, to sustain their businesses until they are eligible for microloan.

I also know that as a direct result of our veteran business outreach centers, we are counseling almost 200 service-disabled veterans on how to start a small business. That type of engagement, I believe, sends a signal that there is some real warmth within SBA to try and support veterans.

Chairman BARTLETT. Why, then, the perception of the veterans groups?

And you heard their testimony. It was not that the testimony was spotty, it was pretty much unanimous that SBA, as far as they were concerned, had little intention of complying in an efficient way with that law.

How do you—you are citing these instances of attention on the part of SBA to the veteran community. How do we have this big disparity of perception?

From SBA's viewpoint, you have been doing something. From the veterans' perception, you have been doing little or nothing for veterans. Why this big disconnect?

Mr. DENNIS. That is a good question, Mr. Chairman. I can't delve into the minds of the veterans who were represented here today, in terms of why this perception exists.

What I can share with you is, we meet on a regular basis with the various organizations present, and we have outlined what our progress is and what our challenges are; and what I have stated earlier, and will continue to commit to, is our plan to implement the law as well as to reach out to veterans to ensure that they receive the vital services that SBA and our resource partners can provide.

Chairman BARTLETT. Before coming to the hearing today, did you understand as clearly as I hope you now do the dissatisfaction of the veteran community?

Mr. DENNIS. I think earlier I alluded to the fact that I heard some comments today that actually were new comments in terms of the perception of SBA.

Chairman BARTLETT. And you will convey this to the Administrator?

Mr. DENNIS. Absolutely.

Chairman BARTLETT. Thank you. We will try and set up the meeting that was suggested by Mr. Filner as quickly as possible.

I want to thank the members of the panel for your testimony. There will be some questions to SBA for the record. We will submit those rather than taking time now to ask them, and give SBA an opportunity to respond for the record. Thank you, Mr. Dennis.

Mr. DENNIS. Thank you.

Chairman BARTLETT. Any additional comments, Mrs. Christian-Christensen?

Mrs. CHRISTIAN-CHRISTENSEN. I want to thank you, Mr. Chairman, for calling this hearing and for monitoring how the act is being or is not being implemented.

I would like to suggest that maybe the disconnect is that services are being provided by our veterans as evidenced by the second panel, but that the implementation of the law is behind schedule; and that is the dissatisfaction that you hear reflected on the first panel. I am sure that SBA could do better, and I am assured by your testimony that you are striving to do better.

We need also to have all of the elements of that law in place, and I would just ask that you at the Office of the Administrator do everything possible to address that and then I think you will hear some of that dissatisfaction go away.

Thank you again, Mr. Chairman. I thank all of the panelists for being here this morning.

Chairman BARTLETT. Thank you very much. I am sure that SBA can do better, and I hope that as a result of this hearing they will do better. Thank you all very much for your testimony.

Our subcommittees' hearing is now adjourned.

[Whereupon, at 12:05 p.m., the subcommittee was adjourned.]

ROSCOE BARTLETT, MARYLAND
CHAIRMAN

DANNY K. DAVIS, ILLINOIS
RANKING MEMBER

Congress of the United States
House of Representatives
100th Congress
Committee on Small Business
Subcommittee on Government Programs and Oversight
B-305 Rayburn House Office Building
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OPENING STATEMENT

CHAIRMAN ROSCOE G. BARTLETT
SUBCOMMITTEE ON GOVERNMENT PROGRAMS
AND OVERSIGHT
HOUSE COMMITTEE ON SMALL BUSINESS

Good morning and welcome to this joint hearing of the Subcommittee on Government Programs of the Small Business Committee and the Subcommittee on Benefits of the Veterans Affairs Committee.

Today we will examine issues that are not only vital to Veterans - those who served this nation in the Armed Forces of the United States during war and peacetime - but to those who are presently in uniform and who are now on active duty in the many corners of this world.

Specifically, this joint hearing will examine the implementation of Public Law 106-50, the "Veterans Entrepreneurship and Small Business Development Act of 1999," signed into law by the President on August 17, 1999. The law requires that specific technical, financial and procurement assistance be provided to veterans.

The Department of Veterans Affairs, the Small Business Administration, the Association of Small Business Development Centers and the Service Corps of Retired Executives (SCORE) are the principal entities mandated by law to provide this assistance. We are having this hearing to make sure that the Small Business Administration and the other agencies involved in implementing the law fulfill their obligation to assist veterans who own or are starting their own businesses.

SBA is required by statute to provide special consideration to veterans. In the past, many veterans have expressed concern that SBA and other Federal agencies were ignoring the financial and entrepreneurial needs of veterans who own small businesses. This hearing will provide a forum for evaluating SBA's present performance and for recommendations which may be offered for improving the future delivery of entrepreneurial and other services to veterans.

Fundamental to this hearing is remembering our veterans and the sacrifices that they have made for this nation. Further, we must keep the promises made to those who have served this country faithfully and bravely.

I can assure you that we in Congress will not forget you. We know that it is American veterans who have served our country and won the peace and freedom that we enjoy. We recognize the solemn duty to our veterans that we must fulfill.

We as a nation must keep those promises that we have made to those who served in our Armed Forces. If we don't keep our promises to our veterans, we will suffer more than shame and dishonor. How this nation treats our veterans directly impacts the lives and families of those who are former members of the Armed Services. It also directly impacts those who are currently on active duty. It affects our ability to recruit capable men and women to serve in the future.

With our all-volunteer force, we can't maintain an effective military unless we attract and keep our best and brightest. Can we expect our young people to volunteer to join the military knowing that they might have to fight and die if they see us breaking our promises to our veterans who answered the call to serve? Of course not. That is why we must not forget. That is why we must keep our promises. That is why Congress must be vigilant in our oversight responsibilities.

We look forward to a lively discussion of issues that are of vital concern to this Nation. Thank you again for coming.



STATEMENT

BY

**EMIL W. NASCHINSKI, ASSISTANT DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION**

BEFORE THE

**SUBCOMMITTEE ON GOVERNMENT PROGRAMS AND OVERSIGHT
SMALL BUSINESS COMMITTEE
AND
SUBCOMMITTEE ON BENEFITS
VETERANS' AFFAIRS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

**THE VETERANS ENTREPRENEURSHIP AND
SMALL BUSINESS DEVELOPMENT ACT OF 1999**

MARCH 14, 2000

**STATEMENT OF EMIL W. NASCHINSKI, ASSISTANT DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION
BEFORE A JOINT HEARING OF THE
SUBCOMMITTEE ON GOVERNMENT PROGRAMS AND OVERSIGHT
COMMITTEE ON SMALL BUSINESS
AND
SUBCOMMITTEE ON BENEFITS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
THE VETERANS ENTREPRENEURSHIP AND
SMALL BUSINESS DEVELOPMENT ACT OF 1999**

MARCH 14, 2000

Messrs. Chairmen and members of the Subcommittees:

The American Legion is pleased to have this opportunity to express its views on implementation of Public Law 106-50, the *Veterans Entrepreneurship and Small Business Development Act of 1999*. Before doing that, however, we would like to take a moment to thank you Chairman Bartlett and you Chairman Quinn for your outstanding leadership and your ongoing concern for the welfare of American's veterans. Nowhere was your support for veterans more evident than when the 106th Congress enacted the important legislation we will discuss today.

Today, there is still much to be done if we are truly going to improve the small business assistance this country provides its veteran-entrepreneurs. Ironically, for far too many years, the very men and women who served in uniform and who stood ready to fight, and if necessary to die in order to protect and preserve our free enterprise system, were completely ignored by the federal agency responsible for meeting their small business needs.

Small business is the backbone of this nation's economy. It has been one of the driving forces behind this country's past economic growth and will continue to be a major factor as we move into the new millennium. In 1992, 51 percent of the Gross Domestic Product was generated by small businesses with 500 or fewer employees.

According to the Small Business Administration (SBA), small businesses are responsible for 75 per cent of the new jobs in the economy and employ more than one-half of the workforce. By the year 2005, the Department of Labor predicts that small business will be the largest employer in the country.

Today, more than ever before, the growth of the national economy is dependent on the success of small business. In view of the downsizing of the military, federal government

and corporate America, The American Legion believes that Congress and SBA must empower, encourage and assist all of this country's entrepreneurs.

The members of the 106th Congress can take great pride in knowing that by enacting P. L. 106-50 it took a giant step forward in improving the federal entrepreneurial assistance that our veterans receive. Having said that, however, we hasten to add that there is a major difference between passing good legislation and implementing that legislation in such a way as to fulfill both the spirit and the letter of the law.

The American Legion believes, as do many of the other organizations, that make up the Task Force for Veterans Entrepreneurship, that the most important provision of the new law is establishment of the National Veterans Business Development Corporation. We believe that it has the potential for creating genuine entrepreneurial opportunities for this nation's veterans, particularly those who are service disabled.

The *Servicemen's Readjustment Act of 1944*, better known as the G. I. Bill, established a small business loan program for World War II veterans that was to be administered by the former Veterans Administration (VA). Congress believed that such a program would assist in the readjustment of veterans who wanted to own and operate small businesses. Congress also believed that an investment in those young entrepreneurs would be beneficial for America's post-war economy. Congress was right on both counts.

Because of its popularity and success, Congress expanded the loan program to include veterans of the Korean conflict. During its first 10 years, the federal government either made or guaranteed nearly 281,000 small business and farm loans. That investment in the veteran-entrepreneur contributed greatly to the unprecedented growth of the American economy in the post-war years.

Something else occurred as a result of the loan program's popularity and success. In 1953, Congress enacted legislation that created the SBA for the purpose of providing entrepreneurial assistance to any American who wanted to open, sustain or grow a small business. That legislation also provided for the transfer of the VA's loan program to the new agency.

The American Legion wishes that it could give this Committee a glowing report on SBA's entrepreneurial assistance to veterans. Unfortunately, we can not provide such a report. What we can tell you, however, is that since the inception of the agency, SBA has never had a stellar record of serving veterans. One example of the agency's indifference to veterans occurred after the 1974 enactment of P. L. 93-237. That law mandated the agency to provide "special consideration to veterans of the armed forces of the United States and their survivors and dependents."

Over the past 25 years, SBA has ignored the intent of Congress by refusing to implement a substantive policy that provides "special consideration" for veterans. In fact, during the last decade SBA has made it luminously clear that veterans are not an

agency priority. That blatant lack of respect for the intent of Congress is an absolute disgrace.

According to reliable sources, veterans own and operate at least 30 percent of the country's 4 million-plus small businesses. While that is a significant percentage, all of the SBA administrators who served between 1989 and 1998 refused to meet with veterans' advocates or to discuss their concerns. As a result, veterans had absolutely no voice at SBA.

Furthermore, during that same period, resources of SBA's Office of Veterans' Affairs (OVA) were siphoned off to bolster other agency programs. According to SBA's Office of Advocacy, OVA receives less than one percent of SBA's budget. Coupled with significant staff reductions, it is now difficult, if not impossible, for OVA to provide any kind of meaningful programs for veterans.

The irony is that unlike any of SBA's other constituency groups, veterans earned the right to quality entrepreneurial services because of their sacrifices and their service to the nation. Furthermore, only the citizen-soldier stood ready to fight, and if necessary to die, in defense of the freedom and free-enterprise system we enjoy.

Section 33 (202) of P. L. 106-50 authorizes a total of \$12 million in seed money for fiscal years 2000-2003 to get the corporation up and running. After FY 2003, it will be funded by privately raised dollars. The American Legion is deeply concerned about the fact that Congress did not appropriate the \$2 million authorized by the law for FY 2000. As we said earlier, passing good laws is not enough. If the intent of P. L. 106-50 is to be realized, Congress must find a way to provide the modest amount of money that is authorized by the legislation. To do anything less will be a major disservice to our veteran-entrepreneurs and the nation's economy.

The American Legion understands that the reason this unfortunate situation occurred was because P. L. 106-50 was signed into law as the authorization process for FY 2000 was coming to a close. Nonetheless, we strongly urge Congress and the Office of Management and Budget (OMB) to find a mutually agreeable way to fund the corporation.

The American Legion suggests reprogramming \$2 million of the Small Business Administration's FY 2000 Salary and Expenses Budget as a means of funding the corporation this fiscal year. Furthermore we strongly recommend that Congress and OMB take steps to guarantee that the corporation receives its full authorized appropriation of \$4 million for FY 2001.

As a partner of the Task Force for Veterans Entrepreneurship, The American Legion stands ready and willing to assist Congress in ensuring that the National Veterans Business Development Corporation reaches its full potential for assisting veteran-entrepreneurs to realize their dreams of starting and operating successful small businesses. Please let us know how we can be of assistance to you.

Chairman Bartlett and Chairman Quinn, thank you again for your concern for veterans and for inviting The American Legion to share its views on the implementation of P. L. 106-50. I will be happy to answer any questions that you or the subcommittee members may have.



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A Not-For-Profit Veterans Service Organization Chartered by the United States Congress

Statement of

VIETNAM VETERANS OF AMERICA

Submitted by

**Richard Weidman
Director of Government Relations**

**Before the
House Committee on Veterans' Affairs Subcommittee on Benefits
and the Small Business Subcommittee on Government Programs**

**Regarding
"Veterans Entrepreneurship and Small Business Development Act of 1999"
P.L. 106-50**

March 14, 2000

Vietnam Veterans of America**House Veterans' Affairs
Subcommittee on Benefits and the
House Small Business
Subcommittee on Government
Programs**

Mr. Chairman, my name is Rick Weidman, and I serve as Director of Government Relations for Vietnam Veterans of America (VVA). On behalf of our President, George C. Duggins, and all of VVA I thank you for the opportunity to appear here today.

I should also note, Chairman Bartlett and Chairman Quinn, that I also serve as Chairman of the "Task Force on Veterans' Entrepreneurship", which is the vehicle for coordinated action of most of the organized veterans community that is committed to greater opportunities for veterans, particularly disabled veterans, to enter and succeed in small business and self employment. I also have served as the first ever representative of the veterans community on the Administrator's National Advisory Council since November of 1998.

First let me say that Vietnam Veterans of America (VVA) wishes to thank you, Chairman Talent and Ranking Democrat Velasquez of the Committee on Small Business, and Chairman Stump and Ranking Democrat Lane Evans of the Committee on Veterans Affairs for the extraordinary leadership, vision, and hard work that all of you and so many of your distinguished colleagues, as well as your fine and highly dedicated staff members, exerted to achieve enactment of the "Veterans Entrepreneurship and Small Business development Act of 1999," now known as Public Law (P.L.) 106-50.

VVA and all of us in the veterans community salute all of you for a job well done in securing the first meaningful "beach head" for veteran business owners on the shores of the Federal Government that our military service made possible. However, now that we have a "beach head," it is time to ensure that the resources and the will to move forward are present in sufficient quantity that we can consolidate these initial gains, and accomplish the objective of making the bright promise of last year's legislation into a reality for disabled veteran business owners and veteran business owners this year and into the future.

Second, and more specifically, we need the funds to make the Office of Veterans' Affairs work properly (especially now that this effort will be headed by an Associate Deputy Administrator), and we need the full authorized amounts for FY 2000 and FY 2001 for the "National Veterans Business Development Corporation" (Corporation) to be appropriated. That means \$2 Million for the Corporation in the supplemental appropriation to FY 2000 now being considered, and \$4 Million for the Corporation for FY 2001. In addition, the Office of Veterans Affairs will require about \$4.8 Million to operate a reasonably effective outreach program in FY 2001 and to assist the rest of the Small Business Administration (SBA) structure to understand what is entailed in fully implementing P.L. 106-50.

It is vital that these funds be secured, by whatever legislative tactics and/or mechanisms that are

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necessary. Although VVA and the other veterans organizations have reached out to the Subcommittee on Commerce, Justice, State, the Judiciary & Related Agencies of the Committee on Appropriations, the response from the Committee has not been reassuring. In fact, to our surprise, given the stature of Chairman Rogers, the response from staff members has not been particularly positive, if indeed not seemingly what could be construed as disdainful of the needs of veteran and disabled veteran business owners in regard to appropriated funds at SBA.

VVA asks that all of the distinguished Members who have invested so much to get us this far now do whatever is necessary to secure the proper funding. We ask the assistance of you and your colleagues and the leadership on both sides of the aisle in order to help the Appropriations Committee understand that appropriating these modest amounts is the very least that they can and must do for America's disabled veterans.

We would prefer that this all happen at the Subcommittee level, or at least at the full Committee level. However, if all else does not get the job done, and it means that a parliamentary battle must take place on the floor of the House of Representatives, then we urge you to make that effort, should it be necessary.

Mr. Chairman, please let us know what we in the veterans community can do to assist you in to ensure that the bright promise of P.L. 106-50 becomes a reality by securing the necessary "seed capital." We await marching orders from you and your colleagues, and pledge to do our part to help you and the Congress ensure that the proper funds are made available. Without proper investment of these appropriated funds (and very modest amounts they are!) then P.L. 106-50 will become one more hollow promise. We know that your intent is just the opposite - that P.L. 106-50 make good the promise of assisting veterans, especially disabled veterans, to have every opportunity and services possible to help them compete for their piece of the American dream, strengthening the United States economy in the process.

Vietnam Veterans of America (VVA) also asks for your assistance toward ensuring that the process of appointing the members for the Board of directors of the National Veterans Business Development Corporation proceeds apace. Since the Congress recommended a composite list of names of quality candidates that reflect both political parties and the full diversity of the American veterans community on a bi-partisan basis in early October, we fail to understand why the Board has not yet been appointed. Once this is accomplished, then the Administrator of the Small Business Administration can proceed with naming the members of the Advisory committee, and hopefully, name the new Associate Deputy Administrator for Veterans Business Development.

There are really six major aspects to implementing P.L. 106-50. The first is securing the necessary appropriations. The second is the full and timely implementation of the National Veterans Business

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Development Corporation, as discussed above. Third is the naming of the new Associate Deputy Administrator for Veterans Business Development, who is expected to work with his/her colleagues and the Administrator to ensure that all of the reporting and educational requirements are accomplished successfully within SBA to ensure that veterans, especially disabled veterans, are included in a significant way as a target group of each and every program delivered or funded in whole or in part by the Small Business Administration.

A crucial aspect of this element is that the SBA move rapidly to develop and implement meaningful and substantive goals and objectives for disabled veteran and veteran participation that are measurable and in conformance with the letter and the spirit of the Government Performance and Results Act (GPRA) for each and every aspect of SBA activity, from guaranteed loans to entrepreneurial development to procurement to the micro-loan ("low-doc") to the proposed initiatives such as the "New Markets Initiative" to the activities of the Small Business Development Centers to any program or activity that one can name that is under the rubric of the SBA. The first step in this process is ensuring that the data gathering mechanisms are in place, and that managers and other personnel, such as all District Office Directors are made aware that the Administrator and the Congress view this effort seriously. This effort needs to move along quickly, but has not so much as really even begun, to our knowledge. The obvious (to us) next step to setting measurable goals and performance standards is to reward those who meet or exceed expectations and to provide sanctions for those who fail to measure up, even after counseling and training. The marketplace is very quick to reward good performance and sanction poor performance, and the SBA should do the same.

The fourth element in full implementation of P.L. 106-50 is to ensure that the Federal Acquisition Regulations (FAR) are modified in an appropriate manner, and that this process moves through the public comment phase to actual implementation as soon as possible. Anything that the Congress, the President, or the Vice President can do to ensure that this process is completed as soon as possible would hasten the day when the real work of working with procurement officers throughout the government can begin. This process has been moving at glacial speed since last August, prompting some to read great significance and intent in this unwarranted delay and to understandably cry out that "Regulations delayed is justice denied!"

Any assistance that Congress can provide in prompting a more prompt completion of this process would be welcome. Perhaps a bi-partisan letter to the President and the Vice President would help focus the appropriate persons on the need for all due and deliberate speed in completing this process.

The fifth element of a full implementation of P.L. 106-50 is to ensure that members of the National Guard and the Reserves who are self employed or in small business know their rights under this statute, and that all Department of Defense and United States Department of Labor means are being

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adroitly utilized to inform these patriotic Americans of their rights under this act. What this section of the Act really is about is providing the equivalent of the Uniformed Servicemembers Employment and Re-employment Rights Act (USERRA) for those who are self employed or small business owner/operators.

The draft Memorandum of Understanding (MOU) that has now been shared with the Task Force on Veterans Entrepreneurship does not adequately address this need, nor the intent of the statute. Perhaps some re-working of this draft agreement, with appropriate consultation with the Committees and the veterans organizations would be useful and productive. VVA would certainly be delighted to assist in such an effort, as we suspect Non Commissioned Officers Association and most others would as well.

The sixth element to full implementation of this statute is the aspect of self employment possibilities and potential of disabled veterans, particularly seriously and profoundly disabled veterans. We do not see this vital element even reflected in the two memoranda of understand draft documents that we have reviewed. This does not even address the need for helping to develop self employment opportunities and assistance for so many veterans who have overcome significant barriers to employment, but who now have resumes that are less than perfect and/or are of an age that causes many employers to look toward younger workers.

This need has prompted the Task Force on Veterans Entrepreneurship to contemplate calling for a MOU between the SBA, the United States Department of Veterans Affairs (VA), and the President's Committee on the Employment of Persons with Disabilities. This matter will be fully considered this afternoon, at the monthly Task Force meeting.

The fact of the matter is that for many veterans the best hope for full time meaningful employment lies with self employment or "micro business" that (if they are lucky, get proper assistance, and are talented and very hard working) may grow into a successful small business.

Vietnam Veterans of America (VVA) believes strongly that the ability to obtain and sustain meaningful work is the nexus or watershed event in the readjustment process. Our nation spends literally Billions each year on medical services, readjustment counseling, vocational rehabilitation, educational benefits, and other services to help veterans toward becoming well and to the brink of becoming autonomous and self sufficient. If we do not help them either get a job or help them acquire the skills and the tools and the means necessary to succeed in small business, these efforts will go for naught. Then we will have wasted billions of dollars, and more importantly thousands upon thousands of veterans lives that might otherwise have taken a more positive turn at the earliest possible time. This is not right, and is morally and financially foolish. It is also squandering a great National resource in the fine men and women who have chosen to serve our Nation in military

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service, often at great cost to them as individuals. These are "can do" people. If properly trained, equipped, and briefed, veterans can get the civilian mission done as well as they performed military missions.

It is because VVA recognizes the centrality of "wellness" and self sufficiency to this process that VVA is so grateful of all of you in the Congress for securing enactment of Public Law 106-50. It is also why we are so grateful to Chairman Quinn for his efforts to produce a bill this session that will moves us toward a more effective means of assisting veterans, particularly disabled veterans get the kinds of employment & training services that actually help them get and keep a job, or which lead to succeeding in self employment or small business.

Mr. Chairman, Vietnam Veterans of America (VVA) is very grateful for all that these two Committees have done and are doing to help veterans achieve a higher degree of self sufficiency, particularly in regard to the development and passage of the legislation that became P.L. 106-50. However, if there is to be a positive impact that is meaningful, we ask that you join with us in pressing hard for prompt publishing of procurement regulations, movement toward good appointments to key positions without further delay, development and implementation of meaningful measures of success for veterans and disabled veterans in each and every SBA program, and your assistance in keeping open the lines of communication between the Task Force for Veterans Entrepreneurship and the Administration, *and*we need the full amount of money that is authorized to be appropriated.

Mr. Chairman, there is one last issue that we must bring to your attention. In the Fall of 1997, Congress mandated SBA to do a simple study of disabled veteran business owners who do business or potentially might do business with the Federal government. Dr. Paul R. Camacho and the University of Massachusetts at Boston have been trying to work with the SBA to get this study underway and completed since January of 1998. This study was, of course, due to be delivered to the Congress in September of 1998. The study had been in limbo for almost a year due to problems with the Office of Management & Budget analysts that SBA did not have the skill or will to resolve. Last month, with help from key staff on the Committee on Small Business, we thought we might actually have something underway that could produce data and analyses which would prove to be useful to all concerned. However, this process has become mired in bureaucratic red tape again.

At some point any reasonable person must at least contemplate that this delay upon delay is simply willful thwarting of the bi-partisan will of the Congress. At some point, one has to consider whether or not SBA just does not want this study done. If this is the case, then those of us who are interested will assist Dr. Camacho to seek and secure private funds before we waste additional precious years in bureaucratic nonsense, with no results to show for it. Should that have to be the case, in order to assist the Congress in obtaining the information that it mandated and funded the SBA to secure, the

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VVA certainly thinks it would be appropriate for a thorough inquiry by the Comptroller General into this matter, and an oversight hearing solely on the issue of gathering of data for this mandated report, and the statistical profile (or lack thereof) of veteran and disabled veteran business owners.

Mr. Chairman, that concludes our formal statement. I would be happy to answer any questions that you may have. Again, let me note that Vietnam Veterans of America is deeply grateful to you for your continued leadership, and all of your efforts to ensure that veterans have every opportunity to compete for their share of the American dream of successfully owning and operating their own business.



**STATEMENT OF THE
PARALYZED VETERANS OF AMERICA
FOR THE RECORD OF THE
SUBCOMMITTEE ON GOVERNMENT PROGRAMS AND OVERSIGHT
OF THE
HOUSE COMMITTEE ON SMALL BUSINESS
AND THE
SUBCOMMITTEE ON BENEFITS
OF THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
THE IMPLEMENTATION OF PUBLIC LAW 106-50,
THE "VETERANS ENTREPRENEURSHIP AND SMALL BUSINESS
DEVELOPMENT ACT OF 1999"
MARCH 14, 2000**

Chairman Quinn and Chairman Bartlett, Ranking Democratic Member Filner and
Ranking Democratic Member Davis, Members of the Subcommittees, the
Paralyzed Veterans of America (PVA) appreciate this opportunity to testify, for

Chartered by the Congress of the United States

individuals to enter the workforce. Small business ownership and self-employment is a bridge for many of these individuals.

PVA believes the Small Business Administration has been unreasonably slow in implementing P.L. 106-50. This is unfortunate, but not wholly unexpected. Until recently, SBA has shown a disregard for veterans' issues. In 1998, SBA's administrator, Aida Alvarez, made significant attempts to improve SBA's relationship with veterans. These efforts included several meetings between Administrator Alvarez and Veterans Service Organizations (VSO). Additionally, the Administrator's stated goal of SBA improving its service to veterans and the creation of a Veterans Affairs Task Force to study the needs of veteran entrepreneurs and recommend improvements were a welcome effort on the part of SBA. But whether due to more important competing issues or bureaucrat indifference, these early efforts stalled. When H.R. 1568 was introduced, it included many of the recommendations made to the Administrator by the Veterans Task Force. This legislation was met with what can only be described as hostility. SBA branded virtually all sections of the bill unnecessary, with undertones implying that they were already doing enough for veterans.

Now with P.L. 106-50 enacted, it appears that SBA continues to drag its feet, delaying the implementation of a law they did not support. For example, though the Articles of Incorporation for the National Veterans Business Development Corporation (NVBDC) have been finalized, the members have not been appointed by the White House. Because the corporation members have not been identified, the SBA Advisory Committee on Veterans Business Affairs has

\$4.8 million for the Veterans Affairs Office at SBA. Finally, we ask the Committee to closely oversee the activities of SBA's veteran's programs and require SBA to abide by Congressional mandates. Unless SBA is held accountable on providing quality programs to veterans, they will continue the indifference they have shown in the past. SBA must fulfill all of the requirements dictated in P.L. 106-50 and not be allowed to pick and choose what will be implemented and what will be ignored.

Mr. Chairman, veterans deserve quality services, whether it is healthcare, prosthetic devices or advice and training on small business ownership. Moreover, Congress recognized veterans have earned the right to these services when they passed P.L. 106-50. At the Small Business Administration, veterans should be a priority as well, not simply an afterthought.

STATEMENT OF
ANTHONY L. BASKERVILLE
DEPUTY NATIONAL SERVICE DIRECTOR
FOR EMPLOYMENT
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON BENEFITS
AND THE
COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON GOVERNMENT PROGRAMS AND OVERSIGHT
U.S. HOUSE OF REPRESENTATIVES
MARCH 14, 2000

MESSRS. CHAIRMEN AND MEMBERS OF THE SUBCOMMITTEES:

On behalf of the Disabled American Veterans (DAV) and its Auxiliary, I am pleased to appear before you today to discuss Public Law 106-50, the "Veterans Entrepreneurship and Small Business Development Act of 1999." As an organization of more than one million service-connected disabled veterans, DAV is very appreciative and applaud your Subcommittees' leadership in the passage of this new legislation.

Veterans seeking to own and manage their own businesses dated back to the first GI Bill, passed by Congress in 1944, when Congress gave the Department of Veterans Affairs (VA) (then the Veterans Administration) the authority to guarantee loans made to eligible veterans. In 1951, the VA guaranteed 42,000 business loans to veterans.

In 1953, Congress created the Small Business Administration (SBA). Although no historical evidence exists to suggest that there was a formal agreement between the two agencies, the SBA took over lending services to veterans. The result was that SBA's programs appear to have been more attractive to veterans, and they naturally chose SBA's lending programs over VA's.

Congress recognized the lack of participation in the VA's program and repealed VA's business loan guarantee authority in 1974. That same year, however, in a major reworking of the SBA legislation, Congress passed the Small Business Act of 1974 (Public Law 93-237). The law included a requirement for "special consideration for veterans of the United States Military Service and the survivors of their immediate families." The law directed the SBA to issue regulations that would define "special consideration."

Messrs. Chairmen, according to the SBA Office of Advocacy, small firms represent 99.7 percent of all employers and employ 53 percent of the private work force. According to Census Bureau data, veterans own about four million of the approximately 22 million small businesses in America. Disabled veterans own about 800,000 businesses.

The federal government helps create a market for small businesses owned by individuals who are members of groups considered to be socially or economically disadvantaged through the Small Business Development Program administered by SBA.

Messrs. Chairmen, service members and veterans may be at a disadvantage in establishing successful businesses. Disabled veterans must overcome the barriers to economic activity that their disabilities impose. Until the passage of Public Law 106-50, veterans and disabled veterans were not one of the statutorily named groups identified as socially and economically disadvantaged.

Veterans have earned the opportunity for increased participation in the economic life of the country. Disabled veteran entrepreneurs earned additional assistance because these business owners encounter costs and impediments, due to their service-connected disabilities, that are not factors for their nondisabled competitors.

Public Law 106-50 expands the eligibility for certain small business assistance programs to include veterans. It directs certain departments and agencies of the United States to take actions that enhance small business assistance to veterans, and establish new institutions to provide small business assistance to veterans or to support the institution that provides such assistance.

Messrs. Chairmen, DAV has great interest in Public Law 106-50, and believe we have been waiting too long for its implementation. Seven months have passed since the President signed Public Law 106-50, and there has been no significant effort to enact this excellent legislation.

There is a common bond among veterans, forged by their shared experiences, which have molded their character and their values. Although their lives have been forever changed, their values have not, and their commitment to this nation remains strong, even though our government too often reneges on its commitment to them.

DAV hopes that your Subcommittees will not allow SBA to renege on its commitment. Please encourage the Administration to move quickly to enforce this legislation.

Thank you for allowing me the opportunity to discuss DAV's concerns. We applaud the committee's interest in these issues.

Los Angeles Area Disabled Veteran Enterprise Network

House Veterans Affairs
Subcommittee on Benefits
March 14, 2000

Statement of

Los Angeles Area Disabled Veteran Enterprise Network

Submitted by

Joseph K. Forney
Coordinator

**Before the
House of Representatives
Committee on Small Business
Subcommittee on Government Programs and Oversight**

Regarding

**P.L. 106-50
The “Veterans Entrepreneurship and Small Business Development Act
of 1999”**

March 14, 2000

Los Angeles Area Disabled Veteran Enterprise Network

House Veterans Affairs
 Subcommittee on Benefits
 March 14, 2000

Thank you Mr. Chairman, for your leadership in holding this hearing, and for allowing me to offer my comments here today. With your and the committees' permission, I will read my prepared statement, and answer any questions.

My name is Joseph Forney. I am the Coordinator of the Greater Los Angeles Area Disabled Veteran Business Enterprise (DVBE) Network, a chapter of the California DVBE Alliance. Our organization serves as a "Chamber of Commerce" for disabled veteran-owned businesses.

Ten years ago, California enacted legislation to *assist* disabled veterans who chose entrepreneurship as a means to rehabilitation. This legislation has afforded numerous disabled veterans businesses an "opportunity" to succeed in business. I am one of those successes. I am a disabled veteran business owner, who meets a payroll every week for 20 employees.

Too often, in California, we are informed that a particular project has "Federal Monies" and since service disabled veterans are not considered "Disadvantaged" we are not afforded any assistance. Imagine our dismay when service disabled veterans attempt to market their goods or services to the Department of Veterans Affairs and find that there is no assistance available for them, and furthermore, are informed that Congress has specifically excluded them by not including them in Federal Acquisition Regulations (FAR) language.

It is with the utmost gratitude that I thank this Congress for its outstanding work on H.R. 1568, which is now Public Law 106-50.

It is crucial however, that you continue on, and direct the Small Business Administration (SBA) to fulfill your mandate. We are just short of seven months since signature by President Clinton, and still no regulatory language has been released, which is crucial for implementation of this law. We are now told that it will be at least three to four more months before regulations are published for public comment, much less take effect. Without regulations in effect, opportunities to compete will continue to be out of the reach for most disabled veteran owned businesses. Without the presence of regulatory language we remain unassisted.

I have a copy of the letter written by the Deputy Director for the Civil Rights Program, Department of Transportation, State of California, in which she interprets Public Law 106-50 stating,

"Public Law 106-50, signed by President Clinton on Aug. 17, 1999, includes a Government-wide goal for participation by small business concerns owned and controlled by service-disabled veterans at not less than 3% in all federal contracts. The Government-wide goal, however, pertains only to federal contracts awarded by federal government agencies and not recipients of federal funds, such as Caltrans."

Los Angeles Area Disabled Veteran Enterprise Network

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Without the input and guidance from Congress, this outstanding piece of legislation will be left to sway in the bureaucratic breezes that change, depending on the particular agency, and/or the day of the week.

I urge this Committee to take steps to push for early publication of the regulations. Also to enact a technical amendment to make it clear that this statute applies to ALL Federal contracts, grants, and disbursements to states, universities, and other entities.

As an American who had the privilege of serving my country, and as a disabled veteran business owner, I ask you and your colleagues to ensure that the proper investment is made to help promote job generating, tax-paying, disabled veteran owned businesses. Please help us get proper regulations implemented, and the needed funds to make the Veterans Entrepreneurship and Small Business Act of 1999 a reality for America's disabled veterans.

Again, I thank your committees for continuing your important work to fulfill our nation's commitment to our country's veterans, by continuing your important work.

FROM : ASDV

PHONE NO. : 4159490336

Mar 10 2000 07:17PM P2

ASDV ASSOCIATION FOR SERVICE DISABLED VETERANS
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TESTIMONY OF

**JOHN K. LOPEZ
CHAIRMAN**

ASSOCIATION FOR SERVICE DISABLED VETERANS

BEFORE THE

**SUBCOMMITTEE ON GOVERNMENT PROGRAMS AND
OVERSIGHT OF THE COMMITTEE ON SMALL BUSINESS**

AND

**SUBCOMMITTEE ON BENEFITS OF THE COMMITTEE
ON VETERANS AFFAIRS**

TUESDAY, MARCH 14, 2000

**ROOM 311, CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C.**

GOOD MORNING TO THE MEMBERS —

I THANK YOU FOR THIS OPPORTUNITY TO APPEAR BEFORE THESE DISTINGUISHED COMMITTEES, AND ESPECIALLY THANK THE CHAIRMAN AND RANKING MEMBERS.

WITH YOUR PERMISSION, I WOULD ASK TO SUBMIT MY TESTIMONY FOR THE RECORD, TO READ A SUMMARY OF THAT TESTIMONY, AND TO ANSWER ANY QUESTIONS THE MEMBERS MAY HAVE.

WHEN THE U.S. CONGRESS ENACTED PUBLIC LAW 106-50 IN AUGUST OF 1999, THAT LEGISLATION WAS HAILED BY U.S. VETERANS AS ONE OF THE MOST SIGNIFICANT ACTS OF ANY U.S. CONGRESS.

THE LEGISLATION IS VIEWED AS A "TRUE ACT OF ECONOMIC EMPOWERMENT" FOR MILITARY VETERANS OF OUR NATION, AND ESPECIALLY FOR THOSE THAT HAVE BEEN DISABLED AND TORTURED IN SERVICE TO OUR COUNTRY.

HOWEVER, IT HAS BEEN EIGHT (8) MONTHS SINCE P.L. 106-50 WAS SIGNED INTO LAW BY THE PRESIDENT OF THE UNITED STATES, AND THERE HAS BEEN NO SUBSTANTIVE PROGRESS TOWARDS THE PROMISE OF YOUR LEGISLATION, AND THE NEEDS OF THE NATION'S VETERANS.

GENERALLY SPEAKING, THERE ARE NO CLEAR VILLAINS RESPONSIBLE FOR THIS LACK OF SIGNIFICANT BENEFITS TO VETERANS, THAT LACK APPEARS TO BE THE RESULT OF THE ABSENCE OF FEDERAL REGULATIONS AND THE SUBSEQUENT ENABLING POLICIES AND PROCEDURES — WHETHER SYSTEMIC OR AS THE RESULT OF INDIFFERENCE, THE CONSEQUENCE IS THE SAME FOR THE SERVICE DISABLED AND PRISONER OF WAR VETERAN (SDV) BUSINESS OWNER (SDVE) — “ASSISTANCE DELAYED IS ASSISTANCE DENIED.” AMERICA'S VETERANS ARE DYING AT THE RATE OF 1,000 PER DAY. IF THE DELAY IN THE ENABLING IMPLEMENTATION OF YOUR LEGISLATION CONTINUES, THE ONLY CERTAIN BENEFIT OUR VETERANS WILL RECEIVE WILL BE THEIR BURIAL ALLOWANCE!!

FROM : ASDU

PHONE NO. : 4159498336

Mar. 10 2000 07:19PM FS

SDV BELIEVE THAT THE U.S. CONGRESS HAS THE AUTHORITY, AND
OBLIGATION TO INITIATE LEGISLATION DIRECTING THE
IMMEDIATE (EMERGENCY) IMPLEMENTATION OF PUBLIC LAW 106-
50.

THANK YOU FOR YOUR ATTENTION. I WILL TRY TO ANSWER ANY
QUESTIONS THE COMMITTEE MEMBERS MAY HAVE.



**Association of
Small Business
Development Centers**

Statement of Woodrow C. McCutchen

President / CEO

The Association of Small Business Development Centers

Before the

Subcommittee on Government Programs and Oversight

House Small Business Committee

And

Subcommittee on Benefits

House Committee on Veterans' Affairs

March 14, 2000

**Statement of Woodrow C. McCutchen
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And

**Subcommittee on Benefits
House Committee on Veterans' Affairs**

March 14, 2000

Chairman Bartlett, Chairman Quinn, ranking members, and members of the subcommittees, my name is Woody McCutchen. I am the President of the Association of Small Business Development Centers (ASBDC). Our organization represents the host institutions and State and Regional Directors of the Small Business Development Center (SBDC) Programs in all fifty states, the District of Columbia, Puerto Rico, The U.S. Virgin Islands, Guam, and American Samoa. Authorized in 1980 under section 21 of the Small Business Act, the SBDC programs currently operate more than 1000 client service locations providing business education and management and technical assistance to roughly 600,000 existing and pre-venture small business clients annually.

I would like to thank you Chairman Bartlett, Chairman Quinn and the members of these two subcommittees for holding this hearing today, and for affording me this opportunity to testify. The ASBDC was a proud and ardent supporter of HR 1568, the Veterans Entrepreneurship and Small Business Development Act of 1999, and we are extremely pleased that our Association, and our network of small business development centers have been assigned specific veterans assistance service delivery responsibilities. As I indicated in testimony before the Subcommittee on Benefits on October 28, 1999, the ASBDC concurs with the

conclusion of the Commission on Servicemembers and Veterans Transition Assistance that "As a matter of fundamental fairness.....Congress should accord veterans a full opportunity to participate in the economic system that their service sustains." We are confident that SBDC counseling and training significantly enhances the prospects for the successful pursuit of those opportunities afforded by the Congress for veterans.

The SBDC program has provided services to veterans as a targeted population for many years. In FY '98, SBDCs provided counseling and training to 41,178 veterans, and 43,287 veterans in FY '99. These figures are conservative because many of our veteran clients do not self- identify themselves as such. One of the most exciting elements of our responsibilities under HR 1568 is the mandate to educate veterans about the benefits available. SBDCs deliver Veterans Transition Assistance Program seminars to separating military personnel at bases throughout America. While the primary focus of the TAP programs remains assistance in finding employment, statistics indicate a growing interest among veterans in entrepreneurship as a post military career option. Military training and experience make veterans a prime prospect for many franchised and independent small business ventures that place a premium on teamwork and effective delegation. The ASBDC recommended last year that TAP programs could be greatly improved by increased emphasis on entrepreneurship and the implementation of HR 1568 will support this increased attention.

In preparation for our delivery of services and initiatives under HR 1568, the ASBDC convened a meeting of representatives from veteran and military associations in September 1999 to discuss their views on how the SBDC program could better serve the needs of veterans. Congressman Jerry Solomon co-hosted the event with us, and the list of attendees is attached. The program included some very candid participant exchanges, and a commitment to continue regular dialogue and collaboration.

In October of last year, the Small Business Administration announced its new Veterans Business Outreach Program, authorized by section 708 of the Small Business Reauthorization Act of 1997. Through this program SBA awarded grants to set up four Veterans' Business Outreach Centers in different regions to provide business training, counseling, technical assistance, and mentorship to service-disabled veterans. We are extremely proud that three of the four centers are connected to SBDCs. (New York, Florida, Texas). These centers will not only provide services to veterans, but serve as valuable resources to other SBDCs as we roll-out enhanced targeted veterans services nationally.

The ASBDC worked with SBA, and the Department of Veterans' Affairs to develop the Memorandum of Understanding specified in HR 1568. The services and responsibilities assigned by the MOU reflect the legislative language and intent, and provide a collaborative framework for the efficient and effective

delivery of information and services to veterans. I signed the MOU on January 28th, and we have initiated the scope of work as follows:

ASBDC responsibilities under the MOU have been communicated to every state and or regional director, with the indication that existing client databases should provide the initial information on veteran owned small businesses. SBDC records have not traditionally distinguished between service disabled and other veterans, and we will make adjustments to do so immediately.

We have established a prominent veteran small business icon on the ASBDC website to promote veterans services and programs, with an interactive data collection response capability.

We have organized a Veterans Taskforce of SBDC state directors (a number of whom are service-disabled) to coordinate national SBDC initiatives.

We have distributed an informational letter to more than 160 veteran organizations requesting their participation and assistance in promoting the information clearinghouse.

We have opened discussions with the Service Disabled Veterans Business Association for SBDCs to develop and operate 26 Service Disabled Veteran Comprehensive Rehabilitation Opportunities Program sites, with awards beginning in June.

We have initiated discussions with the Department of Veterans Affairs for the distribution of program information with their semi-annual notices to disabled veterans.

The ASBDC and our entire network of SBDCs are taking our responsibilities under HR 1568 very seriously, and we look forward to remaining the first alternative resource for the Congress in addressing the needs of our veteran community.

Again, I thank you for the opportunity to testify today, and I will be pleased to answer any questions.

Attendees

Veterans Groups Breakfast

Army-Navy Country Club

September 24, 1999

THE AMERICAN LEGION	JIM HUBBARD- DIRECTOR OF ECONOMICS
DISABLED VETERANS ASSOCIATION	TONY BASKERVILLE - DEPUTY NATIONAL SERVICE DIRECTOR FOR EMPLOYMENT
AMVETS	DAVID WOODBURY - NATIONAL EXECUTIVE DIRECTOR
MARINE CORPS RESERVE OFFICERS ASSOC	VERNON LEUBECKER USMCR- BOARD MEMBER
MARINE CORPS LEAGUE	BROOKS CORLEY - EXECUTIVE DIRECTOR
NON-COMMISSIONED OFFICERS ASSN	DICK JOHNSON - EXECUTIVE DIRECTOR LARRY RHEA - DIRECTOR OF LEGISLATIVE AFFAIRS
PARALYZED VETERANS OF AMERICA	BLAKE ORTNER - ASSOCIATE LEGISLATIVE DIRECTOR
VETERANS OF FOREIGN WARS	KENNETH STEADMAN - EXECUTIVE DIRECTOR JAMES MC GILL - DIRECTOR OF EMPLOYMENT SERVICES
VIETNAM VETERANS OF AMERICA	RICK WEIDMAN - DIRECTOR OF GOVERNMENT RELATIONS
AIR FORCE ASSOCIATION	PATRICK BEGGS - LEGISLATIVE ASSISTANT
ENLISTED ASSOC. OF THE NAT'L GUARD	MICHAEL CLINE - EXECUTIVE DIRECTOR
RESERVE OFFICERS ASSOCIATION	JAYSON SPIEGEL - EXECUTIVE DIRECTOR
SMALL BUSINESS ADMINISTRATION	CLIFTON TOULSON - ASST. ADMIN., VETERANS AFFAIRS JOHN GILMAN-DEPUTY ASSOCIATE ADMINISTRATOR, SBDCs
THE SOLOMON GROUP	JERRY SOLOMON, CONGRESSMAN (RET.) BILL TEATOR - SR. DIRECTOR, MEDIA AND PUBLIC AFFAIRS
ASBDC	WOODY MC CUTCHEN - EXECUTIVE DIRECTOR DON WILSON - DIRECTOR OF GOVERNMENT AFFAIRS ALLEN NEECE - LEGISLATIVE COUNSEL DONNA ETTENSON - DIRECTOR OF OPERATIONS



Statement

of

W. Kenneth Yancey, Jr.
Executive Director
Service Corps of Retired Executives
Association (SCORE)

to the

U.S. House of Representatives
Committee on Small Business
Subcommittee on Government Programs and Oversight

and the

Committee on Veterans Affairs
Subcommittee on Benefits

March 14, 2000

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SCORE is a resource partner with the U.S. Small Business Administration

**W. Kenneth Yancey, Jr.
Executive Director
Service Corps of Retired
Executives Association
(SCORE)**

**Statement
to the
U.S. House of Representatives
Committee on Small Business
Subcommittee on Government Programs and Oversight
and the
Committee on Veterans Affairs
Subcommittee on Benefits
March 14, 2000**

Mr. Chairman, my name is W. Kenneth Yancey, Jr. and I am the Executive Director of the Service Corps of Retired Executives Association (SCORE).

Thank you for inviting me to testify before these committees about SCORE's efforts to assist veteran entrepreneurs. I have been with SCORE for almost seven years and would like to take this opportunity to thank the Subcommittee on Small Business Committee for its continued support of the SCORE program. As you know SCORE's mission is to assist small start up and growing businesses.

As a brief overview, SCORE was established in 1964 and is a not-for-profit association. SCORE is now made up of more than 11,400 mostly retired as well as working men and women who volunteer their time to assist small business owners and aspiring entrepreneurs. Many SCORE volunteers are veterans of America's armed services. SCORE now operates 380 chapters located across the country in every state, and in the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. SCORE volunteers represent over 500,000 years of business experience. They provided over one million hours of service to the small business community in fiscal year 1999. That free service is the approximate equivalent of a firm with 500 full-time employees.

SCORE counselors provide advice on many aspects related to small business. They advise on how to:

- start a business
- operate a business
- grow a business
- buy a business
- sell a business

In fiscal year 1999, the services provided by SCORE volunteers reached over 306,000 different businesses and individuals, which is an increase of 10% over the same period last year. In serving these entrepreneurs, SCORE conducted over 266,000 one-to-one counseling sessions and 5,925 workshops or seminars. Of the total, 29% reported already being in business, 71% new to business and 7% of the clients served indicated that they were veterans.

In 1998, SCORE served on the Small Business Administration's (SBA) Veterans Task Force convened by Administrator Alvarez and directed by Clifton Toulson, Jr., SBA Assistant Administrator for Veterans Affairs. The objective was to determine ways to improve the delivery of SBA programs, including SCORE services, to veterans. In 1999, SCORE President Emmett Gumm appointed Emil Naschinski, Assistant Director of Economics, American Legion, as an advisor to the SCORE board of directors on veteran issues.

Following enactment of the Veterans Entrepreneurship and Small Business Development Act of 1999 and at the suggestion of Mr. Naschinski, SCORE has undertaken several new initiatives directed towards entrepreneur veterans and those veterans that wish to start a business. SCORE is beginning to promote its existing 800 toll-free telephone number to veterans and veteran service organizations so that veterans can have free access to our national office to receive information on SCORE and to find the SCORE chapter nearest them.

For those veterans active on the Internet, SCORE has created a "Veterans and Small Business" section on its award-winning Web site at www.score.org. In this section, which links off of the front page of the site, visitors will find links to the "find SCORE" section of the site, as well as a description of and links to our online free "e-mail counseling" services. Through the "get e-mail counseling" function, veteran entrepreneurs may enter their questions through a key word search and then choose from a list of counselors with the specific expertise or experience that suits their needs. Counselors' respond to email inquiries within 48 hours. Today SCORE has approximately 800 counselors available on line and conducts almost 8,000 free email counseling sessions each month. The veterans' section of the site also includes links to programs from the Small Business Administration through its web site at www.sba.gov and a feature that allows an interested veteran to find their Veterans Affairs Officer in the nearest SBA District Office. Other links include the VA's Small Business Resource Center, the SBA's PRO-Net program and a link to Hire-Quality.com, a site designed to assist separating military personnel in finding quality employment opportunities.

With assistance Mr. Naschinski's assistance, SCORE has created the position of National Volunteer Director for Veterans Outreach that will report to the executive director. It will be the responsibility of that director to contact the various Veterans Service Organizations (VSOs) to request assistance in promoting SCORE services to their membership and recruiting qualified veterans into SCORE membership. This promotion may occur through newsletters, magazines, web site links, content exchanges, email, state newspapers (American Legion), Ask SCORE Columns and providing SCORE speakers

at local, state and national meetings. Additionally we will work to promote SCORE chapters' participation in the Transition Assistance Programs in various military bases across the country. Our plan is to have this position filled by April 30, 2000.

SCORE provides workshops and counseling to separating military personnel at the following military installations. In some of these locations, we hold as many as 20 workshops each year.

The Arsenal, Quad Cities, Iowa
 Ft. Riley, Kansas
 McConnel Air Force Base, Kansas
 Ft. Leavenworth, Kansas
 Ft. Leonard Wood, Kansas
 Great Lakes Naval Training Center, Michigan
 Offutt Air Force Base, Lincoln, Nebraska
 Navy Yard, Washington, D.C.
 Ft. Carson, Colorado
 Peterson Air Force Base, Colorado
 Naval Base at Little Creek, Virginia
 Air Force Academy, Colorado
 Ft. Jackson, South Carolina
 Charleston Naval Base (now closed), South Carolina

These efforts are primarily provided by our chapters. Workshops typically focus on small business ownership as a career alternative. In the workshops, SCORE volunteers provide information on how to take a business idea from the conceptual stages through actual start up of the business. Counselors discuss the many benefits and challenges of small business ownership and focus heavily on the business planning process. The separating veteran interested in business ownership is also provided with information on other SBA related technical support and loan programs as well as other valuable resources. Attendees are invited to take advantage of additional SCORE counseling services available in the local chapter or in one of 380 other chapters across the country. SCORE chapters regularly respond to requests for assistance from various types of community groups and organizations. SCORE chapters would willingly respond to requests from local veteran groups or the Commander at a military installation that is part of a given community.

Once again, thank you for allowing SCORE to testify. SCORE is committed to serving the veteran entrepreneur and we appreciate the Committees' support of our efforts.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

**STATEMENT OF DARRYL DENNIS ASSOCIATE DEPUTY
ADMINISTRATOR U.S. SMALL BUSINESS ADMINISTRATION**

**IMPLEMENTATION OF THE VETERANS
ENTREPRENEURSHIP AND SMALL BUSINESS ACT OF 1999**

**BEFORE THE PROGRAM AND OVERSIGHT
SUBCOMMITTEE OF THE HOUSE SMALL BUSINESS
COMMITTEE AND THE BENEFITS SUBCOMMITTEE OF THE
HOUSE VETERANS AFFAIRS COMMITTEE**

MARCH 14, 2000

Chairmen Bartlett and Quinn, Ranking Members and Members of the Subcommittees, good morning. I am Darryl Dennis, the Associate Deputy Administrator for Entrepreneurial Development at the U.S. Small Business Administration (SBA). Administrator Alvarez has asked me to appear on behalf of the Agency and would like to thank you for affording this opportunity to discuss SBA's commitment to our nation's veterans and their entrepreneurial needs as well as our progress on implementing the Veterans Entrepreneurship and Small Business Development Act of 1999 (the Veteran's Act).

The mission of the SBA is to help small businesses get in business, stay in business and grow their businesses. We offer a variety of financial, management and procurement assistance programs to accomplish this mission. The finance programs range from microloans to equity financing while the management assistance programs vary from group training sessions on how to start a small business to one on one counseling in specific areas such as exporting. We also provide anytime, anywhere classes and counseling via the Internet. Small business veteran entrepreneurs and prospective entrepreneurs are eligible for and do utilize these programs. For FY1999:

- 11.2%, \$1.4 billion, of all SBA loans were made to veteran-owned businesses.
- Approximately 72,000 veteran entrepreneurs received business counseling and training through SBA's resource partners, i.e., Small Business Development Centers, Service Corps of Retired Executives, Business Information Centers, and Women's Business Centers.
- 6.5% of all 8(a) Participants were veteran-owned and received approximately 15% of all 8(a) contracts and modifications equating to approximately \$720 million dollars.

SBA will continue to build depth to its Veterans Affairs home page. Our goal is to make this on-line "one-stop" portal a dynamic and interactive information and training

resource center for eligible veteran entrepreneurs seeking federal, state and local resources in all aspects of business development.

We are building a rich curriculum of new on-line, interactive courses for veteran entrepreneurs. These courses will include a variety of subjects to include individual credit repair, home based start-up business information, and business plan development. These courses will be available via two locations on the SBA's web site the Veterans Affairs home page (<http://www.sba.gov/vets/>) and the Agency's Small Business Classroom (<http://classroom.sba.gov/>). Other courses to be offered by the SBA will focus on eCommerce issues and applications, specifically designed to help businesses build on-line trading channels and compete globally.

In July 1999, the SBA entered into a Partnership Agreement with the Bank of America and the Association for Service Disabled Veterans (ASDV) to develop and implement the Comprehensive Rehabilitation Opportunity Program (CROP). This Program, operated by the Service Disabled Veterans Business Association (a division of the ASDV), is specifically designed to provide work experience and income-generating business opportunities to in-patient and outpatient disabled veterans. SDVBA has identified and is developing fifteen locations in fourteen states and the District of Columbia to offer entrepreneurial information and training to service-disabled veterans interested in starting their small business enterprise. SDVBA anticipates opening the doors to the centers by the end of April. In FY 2001, the SDVBA expects to establish eleven additional centers.

In addition, SBA is very enthusiastic about its new Veterans Business Outreach Program (VBOP) designed to provide business training, counseling, technical assistance and mentoring assistance to service-disabled veteran entrepreneurs. This program, aside from providing services to small groups, also provides business training and counseling on a one-to-one basis; permitting service disabled veterans not able to participate in group activities to receive individualized assistance.

Under this program, grants have been awarded to four training organizations – the University of Texas, TEP Consulting, University of West Florida and the University of New York. They will provide entrepreneurial assistance to veterans in four regions of the country, covering twenty states and the District of Columbia, Puerto Rico and the Virgin Islands. These four organizations, which are situated in four regions of the country, provide business development services that are accessible to 55% of the Veterans population. They are situated in independent locales or with our SBA resource partners. FY 2000 will be the first full year of operation and in FY 2001, SBA is proposing to expand this program to additional states.

While we feel this is a good story, we know that we can and must do more for this most deserving population that has sacrificed so much for our country. We are pleased that the Veteran's Act has provided us with a vehicle to make SBA programs accountable to veterans and we have aggressively been working on its implementation. As you requested in your invitation letter, I would now like to outline where we are in that implementation:

1. Establishment of an Office of Veterans Business Development administered by an Associate Administrator who is a Senior Executive Service appointee.
 - SBA's current Office of Veterans Affairs will be re-established as the Office of Veterans Business Development after the selection of the new Associate Administrator.
 - We are in the final selection stage of the Associate Administrator and expect a decision in March 2000.
2. Establishment of the National Veterans Business Development Corporation (NVBDC).
 - SBA legally established the NVBDC October 1, 1999.
 - The nominees for the Corporation Board are in the final vetting process at the White House. At the conclusion of that process the President will name the board members and Mr., Chairman we are hopeful that the board is named within the next few weeks. No money was appropriated for the NVBDC in FY2000. However, SBA has submitted a supplemental

request for \$500,000 to fund the NVBDC and will offer free office space at the SBA for the remainder of the fiscal year.

3. Establishment of the SBA Advisory Committee on Veterans Business Affairs.
 - At the request of Congress, the Administrator will make the appointments after the President appoints the NVBDC board members.
4. On February 14, 2000 the Agency entered into a Memorandum of Understanding (MOU) with the Service Corps of Retired Executives. SCORE will appoint a National Veterans Business Coordinator within SCORE, to establish an Internet web site, to aid in the collection of statistics concerning services provided by SCORE to veterans, including service disabled veterans. A toll free telephone number has been established and will be maintained by SCORE.
5. Enter into an MOU with the Secretary of Veterans Affairs and the Association of Small Business Development Centers (ASBDC) to provide entrepreneurial assistance to veterans, and service-disabled veterans through the SBDCs.
 - MOU was signed on February 14, 2000.

The (ASBDC) will: 1) establish an information clearinghouse to collect and distribute information, on the assistance programs of federal, state, and local governments, and on the private sector, and contracting and subcontracting opportunities for veterans. 2) provide training and counseling to veterans concerning the formation, management, financing, marketing, and operation of small business concerns and 3) provide management and technical assistance to owners and operators of veteran-owned small businesses regarding international markets, the promotion of exports and the transfer of technology. The Department of Veterans' Affairs (DVA) will compile a list of small business concerns owned and controlled by service disabled veterans that provide products or services procured by the United States Government. This list will then be provided to each department and agency of the United States.

The SBA will provide Internet or other distance learning instruction for veterans on a variety of business subjects. We will also conduct studies and

research on the formation, management, financing, marketing, and operation of small business concerns owned by veterans. In addition SBA will also provide assistance and information to veterans regarding procurement opportunities with federal, state and local agencies.

6. Enter into an MOU with the DVA and Department of Labor to provide for the coordination of technical, financial, managerial and vocational rehabilitation services to veterans and the collection of information relating to veteran-owned businesses. The process of certifying veterans for their vast experience and skills acquired while in the service is important and will be fully utilized through the civilian credentialing process.
 - MOU is in final stages of negotiation and will be concluded in May 2000.
7. Publicize the loan assistance deferral to active duty military reservists and establish guidelines for enhancing business development and management assistance for small businesses owned by eligible military reservists.
 - Initially we notified all SBA official and the Veterans community on the loan assistance to reservist that will be made available. Now we are in the process of developing procedural notices on the implementation of the program and services and expect to finalize this process in the very near future.
8. Implement disaster loan assistance for military reservists called to active duty.
 - Regulations have been formally submitted to the Office of Management and Budget and upon approval, the proposed rule will be sent to the Federal Register for publication.
9. Collect information concerning the procurement practices and procedures of each federal department and agency.
 - The Agency is working with the Office of Federal Procurement Policy (OFPP) and the General Services Administration to make appropriate changes to the Federal Procurement Data System to collect additional

statistics on procurements awarded to veteran and service-disabled veteran-owned small businesses.

10. Reissue the Administrator's order giving special consideration to veterans in SBA's programs.

- The initial order was issued in October of 1999 but the SBA will reissue this Agency wide order in April FY 2000 to reiterate the commitment of the Administrator to this important issue.

11. Implement 3% Federal procurement goal for service disabled veteran-owned small businesses.

- SBA sent draft regulations with appropriate changes to the Federal Acquisition Regulation Council (FAR) for inclusion in the FAR regulations.
- SBA is changing its procurement goaling guidance.
- The SBA will work with the OFPP to change the "Policy Letter 99-1, Small Business Procurement Goals" to include guidance on the 3% goal to ensure that federal agencies and departments are fully aware of the 3% prime and subcontracting goal for prime and subcontracts to service-disabled veteran-owned small business.
- To ensure that federal agencies and departments are fully aware of the 3% goal, SBA will address the Small and Disadvantaged Business Utilization (SADBU) Council on March 15, 2000 where we will highlight this new Act. In fact we have already briefed Defense Department officials, in the Office of the Assistant Secretary of Reserve Affairs, on the new law and the benefits to our nation's veterans and active duty reservists.
- SBA will also conduct outreach to the Veterans service organizations on its small business procurement programs such as the 8(a) Business Development Program, the HUBZone Empowerment Contracting Program, the Mentor-Protégé Program and the Small Disadvantaged Business Program. This will serve as a major component in assisting veteran-owned small businesses in the procurement arena.

SBA is acutely aware of your strong commitment to these issues and will keep the Congress and veteran's community well informed as we continue the implementation process.

I would also like to give you a progress report regarding the Title VII Study and Report required by "The Small Business Reauthorization Act of 1997." The report required findings and recommendations on:

- The needs of small business concerns owned and controlled by eligible veterans;
- The availability and utilization of Administration programs by small business concerns owned and controlled by eligible veterans
- The percentage and dollar value of Federal contracts awarded to small business concerns owned and controlled by eligible veterans in the preceding 5 fiscal years;
- Methods to improve Administration and other agency programs to serve the need of small business concerns owned and controlled by eligible veterans.

The SBA has been working with the contractor, The William Joiner Center (WJC) at the University of Massachusetts at Boston, to conduct the study and develop the subsequent report. Mr. Chairmen we have developed a plan that will include existing data sources and focus groups that will generate significant information on Veterans' small business needs. SBA, the contractor, and with consultations with the Small Business Committee staff, have developed this plan and we expect to complete the report this fall.

In conclusion, I would like to say that I have mentioned statistics, MOUs regulations, guidelines and studies but the following is the true bottom line-the success stories of some of the veterans that we have helped.

When Veteran Bill Lyons, president of Manastrip Corporation, realized he was paying excessive interest on a business loan, he asked the SBA Small Business Development Center in Albany NY to help him in refinancing and restructuring the

company debt. SBDC business advisors helped Mr. Lyons review and amend his business plan to reflect current business realities, conducted a site visit, and reviewed pertinent tax and accounting information. Together, Mr. Lyons and his SBDC counselor developed a loan application for SBA and bank approval. In July of 1999, Lyons secured a \$100,000 loan package guaranteed by a mortgage on the property he rents to Manastrip Corporation. Five jobs were saved.

In 1992 Bruce Valley, a veteran and President of Globenet, Inc., began exporting US made aviation spare parts. With the successful attainment of two SBA loans and a line of credit, Mr. Valley has transformed his business from a three employee firm generating \$375, 000 annual sales to an eight employee firm generating over one million dollars of annual revenue. Mr. Valley attributes his success to the company's strong commitment to quality products, an unfailing emphasis on total customer satisfaction, and the assistance provided by the SBA.

The Mount Vernon community where Globenet conducts business benefits directly from the company's success. Since 1995, Globenet has offered internships to aspiring business students from the near-by Mount Vernon High School and has employed several retired professionals. Finally Mr. Valley, with Globenet, has shown significant leadership in his commitment to hiring individuals with disabilities.

These are examples of the types of success, economic development, and leadership the SBA is committed to fostering among veteran-owned small businesses throughout the United States.

Thank you for the invitation and the opportunity to update you and the veteran's community about the SBA's progress in implementing the new law and our efforts to ensure that the entrepreneurial needs of our nation's veterans are realized. I will be happy to answer any questions from you or the other Members.

